

CITY OF ATCHISON, KANSAS



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**

**CITY OF ATCHISON, KANSAS**

**For the Fiscal Year Ended**

**December 31, 2017**

**Prepared by:**

**FINANCE DEPARTMENT**

**City of Atchison, Kansas**

CITY OF ATCHISON, KANSAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2017

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# Introductory Section

2017





June 14, 2018

The Honorable Mayor, Members of the City Commission, and Citizens of the City of Atchison:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Atchison (City) for the fiscal year ended December 31, 2017. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations for the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditor's Report.

State law requires that every general-purpose local government publish a complete set of audited financial statements after the close of the fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2017. Berberich Trahan & Co., P.A., has issued unqualified opinions on the City's financial statements for the year ended December 31, 2017.

#### *Profile of the Government*

The City is the primary unit of government and was incorporated in 1858. It is in the northeastern part of the state approximately 35 miles from the Kansas City International Airport. It currently occupies 6.9 square miles and serves an estimated 2016 population of 10,679. The City is empowered to levy a property tax on both real and personal property within its boundaries and to extend the city limits by annexation, which it has done from time to time.

The City operates under the commission-manager form of government. Policymaking and legislative authority are vested in a governing commission consisting of the mayor and four other members, all elected on a non-partisan basis. The Commission appoints the city manager, who in turn appoints the heads of the various departments. Three of the commissioners are elected every two years. The two with the largest number of votes serve four-year terms, and the third serves a two-year term. The mayor is elected by the Commission and serves a one-year term.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational and cultural activities. Sanitation, water and wastewater services are also provided and are included as an integral part of the City's financial statements.

The City is also financially accountable for a legally separate library which is reported on separately within the City's financial statements. Additional information on this entity can be found in Note 1 of the financial statements.

### **Local economy**

In its early history, Atchison was an important supply center for settling the West, and continues to enjoy a strong commercial base today. Major industries located within the City's boundaries, or nearby, include manufacturers of food and mill ingredients, distillery products, concrete poles, steel castings, steel pipe, electrical wiring harnesses and rail anchors.

Other economic presences include the headquarters of a publicly traded company, a full-service hospital, a four-year accredited college, a vocational school, national suppliers of leather and textile products, wholesale hardware and more.

The economic downturn of 2009 had a negative impact on Atchison's unemployment rate, with the rate reaching 9.9% by the end of 2010. The unemployment rate has fallen every year since then reaching 5.2% in December 2017 compared to 6.4% at the end of 2016. The most recent unemployment figure for Atchison is 4.2%. Atchison employers, including the City itself, are now struggling to find employees.

Specialty retail shops and the tourism industry have contributed to the local economy in the past ten years. Sales tax collections continued to improve, up 5% from 2016. The City's one-cent sales tax, along with its share of the County's one-cent sales tax, have risen 11.4% from \$2,508,574 in 2007 to \$2,796,097 in 2017.

### *Relevant financial policies*

**Budgeting** -The Commission is required by Statute to adopt a final budget by August 25<sup>th</sup> of each year. The annual budget is the foundation for the City's financial planning and control. The budget is prepared by fund, and by department (e.g., police). The City's budget is prepared on a modified accrual basis further modified by an encumbrance system of accounting as required by applicable state statutes. The city manager presents recommendations for the budget to the Mayor and Commission members for their



review. A series of public meetings are held by commissioners to review alternative spending proposals. After soliciting public input, the Commission adopts the budget. The budget is controlled through an accounting system to ensure effective fiscal management and accountability.

**Capital Spending** - The City prepares a five-year spending plan for replacing its equipment. The City also maintains a five-year capital improvement (CIP) plan for maintaining and making betterments to infrastructure. Both plans are updated annually and approved by the governing body. Equipment replacements are funded by transfers from other funds, primarily the general fund, in addition to long-term leases for major equipment purchases. Capital improvements are funded through transfers from other funds, intergovernmental grants and revenues and general obligation bonds. The funding of equipment replacement and infrastructure maintenance can be designed to provide a stable and sustainable program that minimizes future cost, or the funding of these capital expenses can be deferred in the short term in order minimize current expenses. In recent years, the City has made substantial progress in improving its infrastructure and addressing its equipment needs.

**Debt Service** - The City's debt service is funded by property taxes and includes a 12-mill levy limit established by Ordinance. Debt management policies established by the Commission include a net direct debt outstanding per capita limit of \$1,000, an overall debt limit of 10 percent of assessed value, and a debt-service limit of 15 percent of governmental fund expenses. These policies are specific to general obligation debt related to governmental activities, not any debt related to business type funds as that debt is meant to be repaid with revenues generated by those funds. The Commission reviews debt policy limits annually during the budget process. For 2017 all three of these measures are within the limits set forth: the debt per capita amount is \$606, the ratio of net direct debt to assessed valuation is 9.8% and the ratio of debt service payments to governmental funds expenditures is 7.8%.

**Internal Controls** - Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

**Investing** – The City determines idle cash available for investing for selected time frames, and solicits bids from local banks for certificates of deposit. Local banks are required to match the rate established by the State Municipal Investment Pool, or the money is invested in the state pool. The City does not have any idle cash invested in local banks or the state pool, due to the historic low interest rates. The City earns interest on its operating account at a local bank at a rate of 0.71 above the 91-day Treasury bill yield.

**Risk Management** – The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All potential claims, and/or liabilities are reported immediately when it becomes evident that a loss has occurred or a claim may be made.

The City has addressed the potential risk by purchasing various commercial insurance policies for certain insurable causes of loss. These policies cover liability, employee dishonesty, public official's liability, property damage to buildings, contents and other personal property. Losses due to earthquakes and terrorism have been excluded. The City established an insurance reserve fund to fund the deductible portion of losses. The balance at the end of 2017 was \$97,843.

**Spending Limits** - The state limits annual spending in each fund to the amount budgeted. Prior to spending an amount more than the budgeted amount, the City must hold a public hearing with notice published a minimum of 10 days in advance.

### *Major initiatives*

In November of 2011, the City reached an agreement on a consent order with the Kansas Department of Health and Environment to address run-off sewer discharge, a byproduct of the city's combined storm/sewer system. The agreement provides a reasonable plan of action that promotes environmental health without unduly burdening the taxpayers of Atchison.

The City had implemented a CSO fee in 2015 to begin addressing the revenue requirements of the consent order. The CSO fee is a flat charge for all residential customers, and it is usage based for commercial and industrial customers. In late 2016, KDHE agreed to release the City from the \$3.1 million in revenue requirement and in return, the City agreed to complete certain projects in a timely manner and update the long-term control plan.

The City has made substantial progress addressing the initiatives set forth by the consent agreement. In 2014, preliminary design began on a "store and treat" project to bring the 11<sup>th</sup> & 14<sup>th</sup> Street Combined Sewer Overflows (CSO) into compliance. After completing a preliminary study, the engineers determined that Watershed Dam 6 overflows are the single largest contributing factor to overflows in the 14<sup>th</sup> Street sewer shed. The design of a project to directly connect the Dam 6 Overflow to White Clay Creek began in 2016 and continued in 2017.

In 2017, the City made several sidewalk, alley, and curb improvements, reconstructed the partial parallel taxiway at the airport, completed a sidewalk improvement project funded with a CDBG grant, and completed construction of a new bike and pedestrian trail. The trail was approximately 80% funded by a KDOT grant and it runs generally along US-73 from US-59 to the Atchison Hospital. Other projects include underdrain improvements on US-73 Highway, a streetscape of the 800 block of Commercial Street (for which the City received a KDOT grant), and a mill and overlay project for city streets (funded with GO bonds).

In May 2018 the City finalized the issuance of \$2,370,000 taxable STAR bonds to help finance the construction of an Amelia Earhart Museum at the airport and the construction of shelters at the downtown farmers market. The STAR bond district includes the Amelia Earhart airport and a section of downtown that runs along Main Street and includes the new hotel at one end and a new Taco Bell restaurant at the other.

Other projects planned for 2018 include a mill and overlay project on US-73 Highway, construction of the Dam 6 separation (a project required by the KDHE consent agreement), a K-7 highway access management project (fully funded by KDOT) and several sidewalk improvement projects, including one that is partially funded by another CDBG grant.

#### *Awards and Acknowledgements*

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2016. This was the twenty-first consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in blue ink that reads "Cari Strieby". The signature is written in a cursive, flowing style.

Cari Strieby  
Interim Finance Director

A handwritten signature in blue ink that reads "Becky Berger". The signature is written in a cursive, flowing style with a long horizontal line extending from the end.

Becky Berger  
City Manager



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Atchison  
Kansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

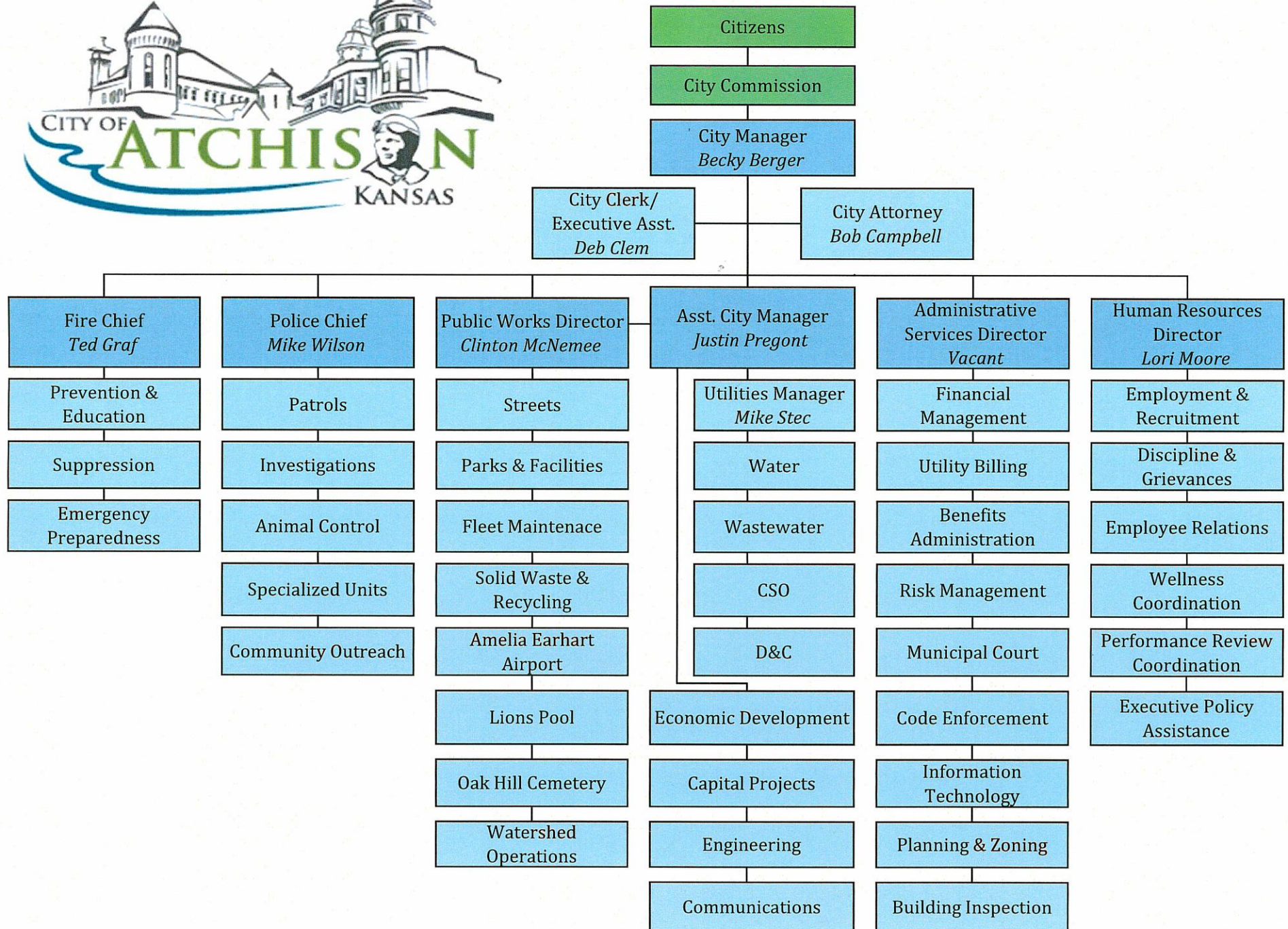
**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO



# City of Atchison Organizational Chart





# CITY OF ATCHISON, KANSAS

## List of Elected and Appointed Officials

December 31, 2017

### ELECTED OFFICIALS

**Allen Reavis**  
Mayor  
Term Expires January 2022

**David Hausmann**  
Vice-Mayor  
Term Expires January 2020

**Dave Butler**  
Commissioner  
Term Expires January 2020

**Charlie Perdue**  
Commissioner  
Term Expires January 2020

**Shawn Rizza**  
Commissioner  
Term Expires January 2022

### APPOINTED OFFICIALS

**Becky Berger**  
City Manager

**Justin Pregont**  
Assistant City Manager

**Michael A. Wilson**  
Chief/Director of Police Services

**Ted Graf**  
Chief/Director of Fire Services

**Clinton McNemee**  
Director of Public Works

**Lorelei E. Moore**  
Director of Human Resources

**Debra Clem**  
City Clerk

**Cari Strieby**  
Interim Director of Finance

**Pat Henderson**  
Municipal Judge

**Robert Campbell**  
City Attorney

# Financial Section

2017



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and City Commission  
City of Atchison, Kansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Atchison, Kansas (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, on January 1, 2017, the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules and statements listed under supplementary information in the accompanying table of contents and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules and statements listed under supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 14, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Berwick Trahan + Co., P.A.*

Topeka, Kansas  
June 14, 2018



**City of Atchison, Kansas**  
**Management Discussion and Analysis**  
**Fiscal Year Ended December 31, 2017**

This section of the report contains an overview and an analysis of the City of Atchison's financial statements for the fiscal year ended December 31, 2017. This document and the information contained in the transmittal letter are intended to provide the reader of the financial statements with a well-rounded picture of the City's financial condition.

**Financial Highlights**

- The City's total assets exceeded its total liabilities by \$42,473,885.
- The net position of the City's governmental activities increased by \$1,196,629 (or 13.4%) while the net position of business activities increased by \$3,832,405 (or 18.3%). The increase in the business activities net position is attributable to loan principal forgiveness of \$2.725 million on a state revolving loan that financed water treatment plant improvements.
- At the end of 2017 the total fund balance for the general fund was \$2,670,491 which is 34% of general fund expenditures.

**Overview of the Financial Statements**

The City's basic financial statements include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the basic financial statements and are essential for understanding them. The report also contains additional supplementary information to assist the reader.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Atchison's finances, in a manner similar to private-sector businesses.

The Statement of Net Position presents information for the assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them reported as net position. Increases or decreases in net position may serve as a useful indicator over time of whether the financial position of the City of Atchison is improving or deteriorating.

The Statement of Activities shows the revenues and expenses related to specific programs, and how the government's net position changed during the fiscal year. This statement is presented on the accrual basis so that transactions are reflected as they occur, and not as cash is impacted.

Both statements distinguish functions of the City that are supported by taxes and intergovernmental revenues from functions that recover their costs through user fees and charges. The governmental activities include general government, public safety, public works, and parks and recreation. The business-type activities include the water and wastewater utilities and refuse operations. Business activities are operations that are intended to recover most, if not all, of their costs through user fees and charges.

The government-wide financial statements include a city library as a discretely presented component unit. See note 1 to the financial statements for a more complete description of the relationship between this entity and the City.

#### Fund Financial Statements

A fund is a fiscal entity with accounts for recording balances of resources, liabilities, equity, revenues and expenses. Funds are segregated for specific activities or objectives, in accordance with regulations, restrictions or limitations. City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental fund financial statements are prepared on the modified accrual basis. Under this approach, revenues are recognized when measurable and available, and expenditures are recognized when the related fund liabilities are incurred with the exception of capital outlays and long-term debt and other similar items that are recorded when due. Governmental funds are used to account for essentially the same functions included in the government-wide financial statements, but the focus is on the short term financial condition rather than the City as a whole. The reconciliation at the end of the fund financial statements explains the relationship between governmental fund financial statements and government-wide financial statements.

The City maintains one type of proprietary fund, enterprise funds. The City uses enterprise funds to account for its water and wastewater utilities and refuse operations. These funds are prepared on the accrual basis of accounting and present the same information included in the government-wide financial statements in greater detail.

Fiduciary funds are used by the City to account for resources held for the benefit of third parties. Because the resources of these funds are not available for the City's operations, they are not presented in the government-wide financial statements. The Fiduciary funds include the Amelia Earhart Festival, Santa Fe Depot Enhancement, Veterans Memorial Park, Jackson Park Revitalization, and the White Clay Watershed District funds. A combining statement can be found in the supplementary information following the notes to the financial statements.

#### Notes to the Financial Statements

The notes are an integral part of the financial statements and provide essential information for a full understanding of the data provided in those statements.

#### Other information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the City's progress in funding its obligation to provide post-employment benefits to its employees and the City's general fund budgeted and actual expenditures. The combining statements for the combined general fund and non-major funds are included after the required supplementary information. The Statistical section of the report includes historical financial information and other data about the City.

## Analysis of the Government-wide Statements

### Net Position

Net position may serve as a useful indicator of the City's financial condition. The City's government-wide net position increased by \$5,029,034 or 13.4% for the fiscal year ended December 31, 2017. The largest portion of the City's net position (87%) is in capital assets (land, buildings, infrastructure, vehicles and machinery and equipment); less any debt related to those assets still outstanding.

Combined Net Position of the City at December 31 was:

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 9,437,708	\$ 8,691,562	\$ 6,708,649	\$ 6,977,823	\$ 16,146,357	\$ 15,669,385
Capital assets	<u>24,043,002</u>	<u>22,810,176</u>	<u>34,093,663</u>	<u>34,554,896</u>	<u>58,136,665</u>	<u>57,365,072</u>
Total assets	<u>33,480,710</u>	<u>31,501,738</u>	<u>40,802,312</u>	<u>41,532,719</u>	<u>74,283,022</u>	<u>73,034,457</u>
Deferred outflows of resources	<u>1,701,107</u>	<u>1,895,155</u>	<u>355,826</u>	<u>308,567</u>	<u>2,056,933</u>	<u>2,203,722</u>
Long-term liabilities	12,485,272	12,545,939	15,693,155	20,122,810	28,178,427	32,668,749
Other liabilities	<u>780,089</u>	<u>558,637</u>	<u>480,362</u>	<u>516,989</u>	<u>1,260,451</u>	<u>1,075,626</u>
Total liabilities	<u>13,265,361</u>	<u>13,104,576</u>	<u>16,173,517</u>	<u>20,639,799</u>	<u>29,438,878</u>	<u>33,744,375</u>
Deferred inflows of resources	<u>4,177,480</u>	<u>3,749,970</u>	<u>249,712</u>	<u>298,983</u>	<u>4,427,192</u>	<u>4,048,953</u>
Net position:						
Net investment in capital assets	17,551,340	16,836,454	19,304,454	15,200,765	36,855,794	32,037,219
Restricted	164,562	122,116	-	-	164,562	122,116
Unrestricted	<u>23,074</u>	<u>(416,223)</u>	<u>5,430,455</u>	<u>5,701,739</u>	<u>5,453,529</u>	<u>5,285,516</u>
Total Net Position	<u>\$ 17,738,976</u>	<u>\$ 16,542,347</u>	<u>\$ 24,734,909</u>	<u>\$ 20,902,504</u>	<u>\$ 42,473,885</u>	<u>\$ 37,444,851</u>

### Governmental Activities

The City's governmental activities ended 2017 with positive net position. Cash balances increased by \$743,011 or 14.9%, compared to a 1.8% increase from 2015 to 2016. The cash balance increase is due to a few factors including staffing changes and vacant positions, the halting of the 2017 street improvement project due to cold temperatures and strong sales tax and delinquent property tax collections. Capital assets increased by \$1,232,826, or 5.4%, because of the many street and sidewalk improvement projects that were completed in 2017 or still in progress at the end of the year. The largest completed projects in 2017 were the South Atchison Trail, the expansion and remodel of the public works shop and a collaboration with Atchison County to improve shared roads. Projects still in progress at the end of the year were: the partial parallel taxiway reconstruction at the airport, the 2017 street improvement program and the US Highway 73 underdrain improvement project.

Total liabilities increased by \$160,785 or 1.2%. The bulk of the increase was in short-term liabilities where accounts payable increased by \$217,279.

### Business-type activities

The City's business-type activities ended 2017 with positive net position.

- The total cash position decreased by \$288,180, or 4.8%. Receipts from customers decreased in 2017 by 1.2% while operating expenditures increased by just over 9%. Rates for all services, water, wastewater and combined sewer overflow charges were not changed in 2017. The bulk of the cash balance decrease is in the wastewater fund. The City's consent agreement with the Kansas Department of Health and Environment (KDHE) had required raising revenues to a target of \$3.1 million per year by 2017. That requirement was waived by KDHE in early 2017 as the City has continued to meet project targets to separate the combined sewer system. In 2017 the City continued with several CSO and wastewater projects- the 800 Commercial Street separation, the Dam 6 overflow, bio-tower media rehabilitation and sewer line replacements. As anticipated the cash balance in the fund was reduced as we paid for these and other related projects.
- Capital assets decreased by \$461,233 or 1.3%. After several years of large water system improvements, the increase accumulated depreciation outstripped any new capital asset additions in 2017. As noted above there many wastewater system projects that were completed or still in progress at the end of 2017.
- Total liabilities decreased by \$4,466,282 or 21.6%. The City did not issue any additional debt in 2017 for business activities. The decrease in liabilities is due to the regular principal payments on revolving loans and bonded debt as well as principal forgiveness of \$2.7 million on a state revolving loan used to finance the ozone treatment system at the water plant.

## Statement of Activities

Changes in net assets of the City for the years ended December 31 were:

<u>Changes in Net Position</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 834,642	\$ 898,337	\$ 6,854,690	\$ 6,943,031	\$ 7,689,332	\$ 7,841,368
Operating grants and contributions	947,573	492,067	-	-	947,573	492,067
Capital grants and contributions	722,660	223,423	2,725,030	8,360	3,447,690	231,783
General revenues:						
Property taxes	3,470,664	3,331,078	-	-	3,470,664	3,331,078
Other taxes	3,275,073	3,135,886	1,057,363	964,161	4,332,436	4,100,047
Unrestricted investment earnings	69,814	28,323	59,758	26,823	129,572	55,146
Other	79,454	97,142	14,725	-	94,179	97,142
Total revenues	<u>9,399,880</u>	<u>8,206,256</u>	<u>10,711,566</u>	<u>7,942,375</u>	<u>20,111,446</u>	<u>16,148,631</u>
Expenses:						
General government	3,333,475	2,960,219	-	-	3,333,475	2,960,219
Public safety	3,321,488	3,466,334	-	-	3,321,488	3,466,334
Public works	1,972,702	1,931,845	-	-	1,972,702	1,931,845
Parks and recreation	377,475	352,838	-	-	377,475	352,838
Interest on long-term debt	213,234	182,710	-	-	213,234	182,710
Water	-	-	3,105,512	2,832,061	3,105,512	2,832,061
Wastewater	-	-	1,908,248	1,808,674	1,908,248	1,808,674
Refuse	-	-	941,619	927,392	941,619	927,392
Total expenses	<u>9,218,374</u>	<u>8,893,946</u>	<u>5,955,379</u>	<u>5,568,127</u>	<u>15,173,753</u>	<u>14,462,073</u>
Increase (decrease) in net position before transfers	181,506	(687,690)	4,756,187	2,374,248	4,937,693	1,686,558
Transfers	<u>923,782</u>	<u>981,827</u>	<u>(923,782)</u>	<u>(981,827)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>1,105,288</u>	<u>294,137</u>	<u>3,832,405</u>	<u>1,392,421</u>	<u>4,937,693</u>	<u>1,686,558</u>
Net position, beginning	16,542,347	16,248,210	20,902,504	19,510,083	37,444,851	35,758,293
Prior period adjustments	91,341	-	-	-	91,341	-
Net position, beginning as restated	<u>16,633,688</u>	<u>16,248,210</u>	<u>20,902,504</u>	<u>19,510,083</u>	<u>37,536,192</u>	<u>35,758,293</u>
Net position, ending	<u>\$17,738,976</u>	<u>\$16,542,347</u>	<u>\$24,734,909</u>	<u>\$20,902,504</u>	<u>\$42,473,885</u>	<u>\$37,444,851</u>



## Governmental Activities

- Total revenues from governmental programs increased by \$1,193,624, or 14.5%. Charges for services decreased by 7%, but this is offset by an increase in capital grants and contributions as well as smaller increases in tax collections. Building permits and nuisance abatements drove the decreases in charges for services. Three large building projects were permitted in 2016 and 2017 saw a return to more normal levels of building permit activity. There was a decrease in the number of housing demolitions in 2017, 3 versus 8 demolitions completed in 2016. The increase in capital grants and contributions is because the City had more grant funded projects in 2017. There were one airport project, the partial parallel taxiway reconstruction, and a sidewalk project that was completed using Community Development Block Grant funding. Property tax collections increased by 4.9% based on increased valuation (see below for more detail) and strong delinquent tax collections. Sales tax collections also increased by 4.4% because of an improving local economy.
- Total expenses increased by \$324,428, or 3.7%. General government expenses account for most of the increase, mainly due to replacing the library roof after it was damaged in a wind storm. There were no major changes to operations in 2017 and while there were increased personnel costs because of pay adjustments these were also offset by vacancies that are in some cases still unfilled.
- The tables below compare the mill levies and the related assessed values for the 2016 and 2017 budget. Per the County Appraiser, assessed values decreased slightly with the value of property in the Neighborhood Revitalization program decreasing in 2017. The owners of the property enjoy tax rebates for up to 10 years after construction or improvements to the property, but the improved value of the property is added back to the tax rolls based on the program's graduated rebate schedule. The net impact of the changes is a net increase in valuation of 1.5%. As noted in the table below, the mill levy decreased slightly.

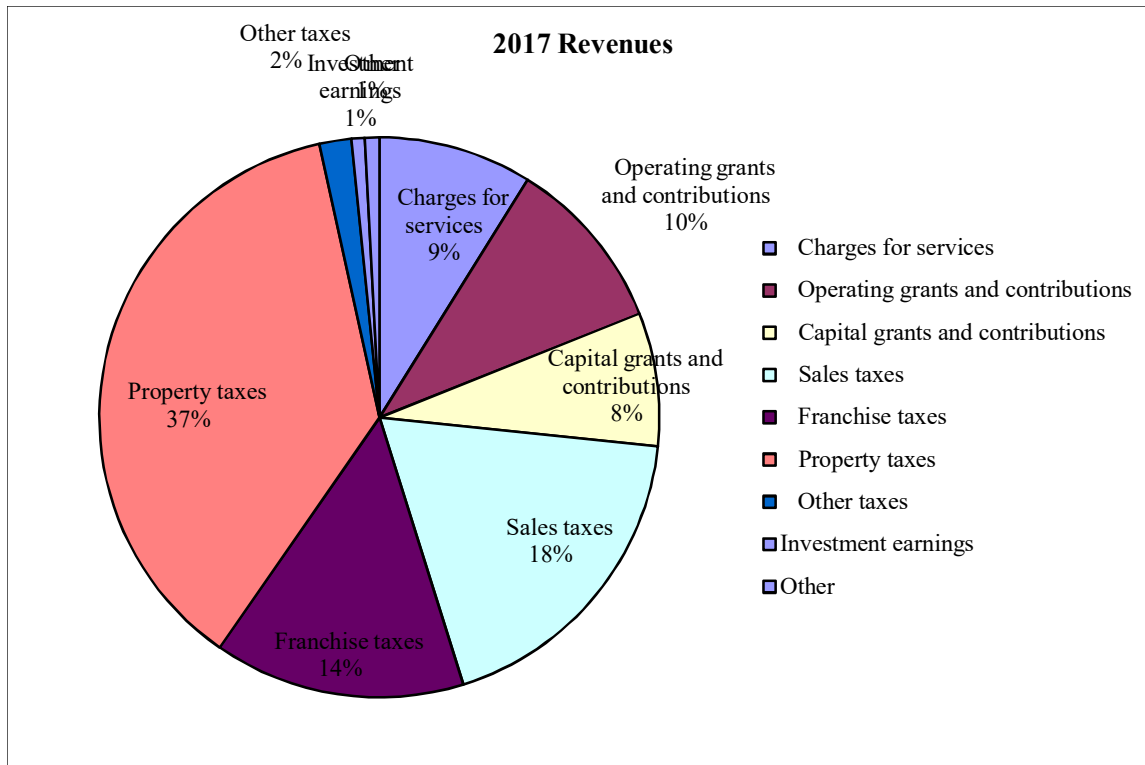
<b>Mill Levy Rates 2016 and 2015</b>
--------------------------------------

	<b>2016 Levy to support 2017 Budget</b>	<b>2015 Levy to support 2016 Budget</b>
General fund	36.148	36.224
Debt service	10.801	10.887
Library	7.000	7.000
	<u>53.949</u>	<u>54.111</u>

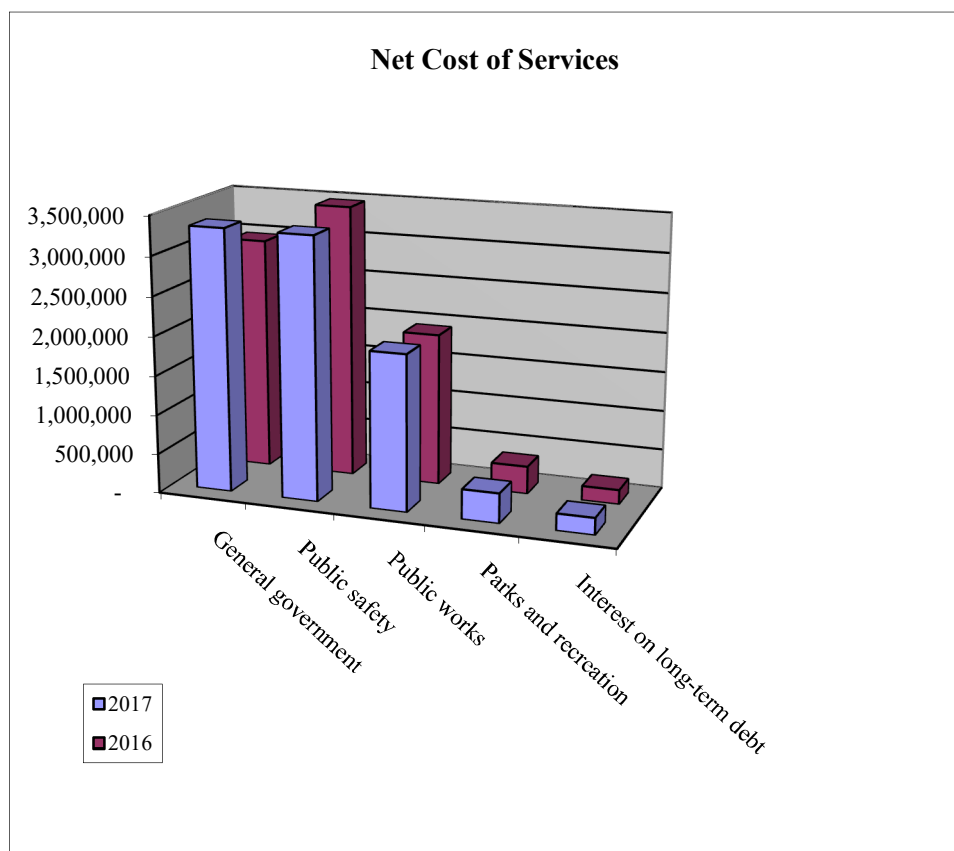
### Assessed Valuation 2016 and 2015

	<b>2016 Valuation to support 2017 Budget</b>	<b>2015 Valuation to support 2016 Budget</b>	<b>Increase / (Decrease) Over Prior Year</b>	<b>% Change</b>
Real Estate	\$62,446,658	\$ 62,477,029	\$ (30,371)	-0.05%
Personal	3,552,787	3,676,815	(124,028)	-3.37%
Utilities	6,552,359	6,558,267	(5,908)	-0.09%
Neighborhood revitalization	(6,870,472)	(8,005,290)	1,134,818	-14.18%
	<u>\$65,681,332</u>	<u>\$ 64,706,821</u>	<u>\$ 974,511</u>	<u>1.51%</u>

The following graph illustrates the composition of 2017 primary government revenues.



The following graph compares the net cost of services for governmental activities in 2017 and 2016:



The total cost of services in 2017 was \$9,218,374; however, \$2,504,875 was funded by users directly benefiting from the services, or by other organizations through operating and capital grants and contributions. The City's taxpayers, primarily through property taxes, franchise fees and sales taxes, paid the remaining \$6,713,499 of these services.

### Business-type Activities

Revenues and expenses increased over the prior year as discussed below.

- Total revenues for business activities increased by \$2,769,191 or 34.9%. The increase is almost entirely due to principal forgiveness on a state revolving loan. Revenue from charges for services decreased 1.3% because consumption decreased and rates were not changed from 2016 levels. Sales tax collections used to fund the solid waste department increased \$93,202 or 9.7%. There were no rate changes in 2017 for any of the business-type activities.
- Expenses for business-type activities increased by \$387,252 (6.9%). Much of the increase is related to increased depreciation expense in the water fund. The ozone treatment system, which was a multi-million-dollar project, was completed in late 2016. This is the first full year of depreciation on that asset. Total operating expenses in the water fund less depreciation decreased by 3.7%. The wastewater fund expenses increased 5.5%. Almost half of that change is attributable to increased depreciation expense.

## Analysis of the Fund Financial Statements

The City uses fund accounting to enhance and demonstrate fiscal responsibility and compliance with finance related legal requirements.

<u>Total Fund Balance at December 31</u>				<u>Unrestricted Fund Balance at December 31</u>			
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>		
General	\$ 2,670,491	\$ 2,285,921		\$ 2,670,491	\$ 2,285,921		
Capital Projects	2,666,976	2,626,064		2,666,976	2,626,064		
Water	13,026,562	9,567,902		1,428,579	1,392,183		
Wastewater	11,242,723	10,938,146		3,537,186	3,913,100		
Total	<u>\$ 29,606,752</u>	<u>\$ 25,418,033</u>		<u>\$ 10,303,232</u>	<u>\$ 10,217,268</u>		

## Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information about current inflows, outflows and balances of spendable resources. The unrestricted fund balance is a helpful measure of the City's resources available for expenditure at the end of the year. Overall, the City's major funds experienced a 16.5% increase in total fund balance because of 2017 operations.

The general fund is the main operating fund of the City. At December 31, 2017, the unassigned balance for the general fund was \$2,225,958. To assess the liquidity of a fund it may be useful to compare the fund balance (total and unassigned) to the fund's total expenditures. For 2017, the unassigned fund balance is 28% of fund expenditures and the total fund balance is 34% of expenditures. The General Fund balance increased by 16.8% from 2016. General fund revenues and expenditures increased by 2.3% and 8.4% respectively. Other financing sources more than doubled because of insurance proceeds for the damaged Library roof and increased transfers to the Equipment Reserve Plan (ERP). The expenditure increase was also related to those same two items, increased ERP spending and expending the insurance proceeds to replace the Library roof.

There was an increase in the capital projects fund balance of 1.6%. The capital projects fund does not lend itself to year over year comparison because project spending tends to vary depending upon the priorities of the City Commission and the resources available. After years of focusing heavily on water system improvements 2017 saw an increase in spending for streets, sidewalks and trails. The sources of funding shifted from state revolving loan funds to grant funds and a general obligation bond issue of \$1.2 million.

The Water Fund balance increased 36.2% to \$13,026,562. The operating revenues and expenses of the water fund remained steady with revenues decreasing by less than 1% and operating expenses, less depreciation, increasing by only 3%. Depreciation increased significantly because 2017 was the first full year of depreciation on the ozone treatment system that became operational in late 2016. Most of the increase in the fund balance is attributable to the \$2.7 million in principal forgiveness on the state revolving loan used to finance the ozone system.

The Wastewater Fund balance increased 2.8%, to \$11,242,723 even though revenues were slightly lower than last year and expenses increased by 5%. The fund still had an operating income of \$797,944 at year end.

### **General Fund Budgetary Highlights**

The following revenue and expenditure categories experienced significant differences between budgeted versus actual expenditures. Overall the General Fund ended the year with a positive budget variance.

- Sales taxes – sales taxes exceeded budget expectations in 2017 coming in 7% than planned. A stronger economy and a significant construction project during the year account for the increase.
- Charges for services- the Atchison Event Center (AEC) continues to generate less revenue than expected and the operating loss increased again in 2017 after a somewhat improved performance in 2016. The City continues to search for ways to increase the revenues generated by the facility.
- Expenditures – Several departments experienced significant savings against budget:
  - City Manager – the City Manager position was vacant for the last four months of the year resulting in significant savings against budget.
  - Finance – The department had savings for telephone and software expenditures.
  - Community Development – Budget savings were experienced in expenditures on marketing and promotions, professional services and downtown activities. Additionally, the 2017 budget included \$10,000 for a Neighborhood assistance program and \$30,000 additional funds for extra code enforcement. These funds were not utilized due to lack of staffing resources to get the programs up and running.
  - Fire – Personnel costs were under budget overall. The department has experienced some turnover due to the retirements of long time employees and the new hires are on the payroll at lower pay rates.
  - Atchison Event Center – As noted above the Atchison Event Center did not meet revenue expectations but also saw savings against the expenditure budget.
  - Public Works Administration – Personnel costs were under budget due to lower worker's compensation rates, health insurance savings and less overtime than were budgeted.
  - Streets - Savings of \$37,000 were experienced because less crack seal funding was utilized. There were also fuel cost savings and fewer ice control materials were purchased due to a mild winter. These savings were offset by going over budget on traffic signals and signs and parts and materials.

## Capital Assets and Debt Administration

### Capital Assets

The City's total investment in capital assets as of December 31, 2017 was \$58,136,965 (net of accumulated depreciation). This is a 1.3% increase from 2016. A breakdown of assets by category is presented below.

<u>Capital Assets</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 2,555,008	\$ 2,555,008	\$ 101,537	\$ 101,537	\$ 2,656,545	\$ 2,656,545
Construction in Progress	1,572,001	708,772	1,440,442	749,272	3,012,443	1,458,044
Buildings and systems	4,041,315	3,912,638	30,370,540	31,485,139	34,411,855	35,397,777
Improvements	4,754,139	5,012,387	-	-	4,754,139	5,012,387
Machinery and equipment	1,443,593	1,517,795	2,181,144	2,218,948	3,624,737	3,736,743
Infrastructure	<u>9,676,946</u>	<u>9,103,576</u>	<u>-</u>	<u>-</u>	<u>9,676,946</u>	<u>9,103,576</u>
	<u>\$ 24,043,002</u>	<u>\$ 22,810,176</u>	<u>\$ 34,093,663</u>	<u>\$ 34,554,896</u>	<u>\$ 58,136,665</u>	<u>\$ 57,365,072</u>

At the end of 2017 there were many large projects in progress: the partial parallel taxiway at the Amelia Earhart airport, the 2017 street improvement project, the US Highway 73 underdrain improvement project, the Dam 6 separation, the 800 Commercial CSO and streetscape project and the bio-tower media rehabilitation. The increase in construction in progress accounts for most of the capital asset increase. Infrastructure also had additions for trail, sidewalk and street improvements.

Additional information regarding the City's capital assets can be found in Notes 1 and 5 in the notes to the financial statements.

### Debt Administration

**Long-term debt** – The outstanding general obligation bonds at December 31, 2017 totaled \$6,327,651 and the outstanding bonds supported by revenues of business activities were \$875,736, for a total outstanding bond debt of \$7,203,387. In addition, the City has loans with the State Revolving Loan Fund in the amount of \$13,654,710. These loans were used to finance water and wastewater system improvements. In 2017, Moody's Investor Services gave the City an "A1" credit rating, positively impacting rates for future bond issuances.

The ratio of general obligation bonded debt to assessed valuation and the amount of bonded debt per capita provide useful indicators of the City's debt position to citizens, elected officials, City management and investors. This data for the City at the end of 2017 is presented below.

	<b>Net General Obligation Debt</b>	<b>Ratio of Debt To Assessed Value</b>	<b>Debt Per Capita</b>
<b>2017</b>	\$6,327,651	9.63%	\$595

State statutes limit net general obligation debt to 30 percent of assessed value. At December 31, 2017 taxable assessed valuation was \$65,681,332 and net bonded debt was \$7,110,806. The City's debt margin totaled \$12,555,207.

Additional information regarding the City's debt can be found in Note 10 in the notes to the financial statements.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances. In compliance with the Kansas Open Records Act, questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, 515 Kansas Avenue, Atchison, Kansas 66002.



# Basic Financial Statements

2017

CITY OF ATCHISON, KANSAS  
STATEMENT OF NET POSITION

December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
Assets:				
Cash and cash equivalents	\$ 5,723,146	\$ 3,043,967	\$ 8,767,113	\$ 245,047
Restricted cash	-	2,567,369	2,567,369	-
Receivables, net of allowance for uncollectibles:				
Taxes	3,533,990	183,978	3,717,968	501,045
Intergovernmental	23,067	3,254	26,321	-
Accounts	112,562	910,081	1,022,643	-
Loans	44,943	-	44,943	-
Capital assets, net of accumulated depreciation:				
Land	2,555,008	101,537	2,656,545	8,995
Construction in progress	1,572,001	1,440,442	3,012,443	-
Books	-	-	-	52,785
Buildings and systems	4,041,315	30,370,540	34,411,855	855,276
Improvements	4,754,139	-	4,754,139	-
Machinery and equipment	1,443,593	2,181,144	3,624,737	68,004
Infrastructure	9,676,946	-	9,676,946	-
Total assets	<u>33,480,710</u>	<u>40,802,312</u>	<u>74,283,022</u>	<u>1,731,152</u>
Deferred outflows of resources:				
Deferred charge on refunding	-	33,356	33,356	-
Deferred outflows - OPEB	38,632	-	38,632	-
Deferred outflows - pension	1,662,475	322,470	1,984,945	28,248
Total deferred outflows of resources	<u>1,701,107</u>	<u>355,826</u>	<u>2,056,933</u>	<u>28,248</u>
Liabilities:				
Accounts payable	626,616	305,629	932,245	8,526
Accrued liabilities	94,485	24,859	119,344	9,526
Accrued interest payable	58,988	149,874	208,862	-
Noncurrent liabilities:				
Due within one year	753,436	1,293,269	2,046,705	4,410
Due in more than one year	11,731,836	14,399,886	26,131,722	205,422
Total liabilities	<u>13,265,361</u>	<u>16,173,517</u>	<u>29,438,878</u>	<u>227,884</u>
Deferred inflows of resources:				
Deferred receivable - property taxes	3,099,048	-	3,099,048	501,045
Deferred inflows - pension	1,078,432	249,712	1,328,144	41,537
Total deferred inflows of resources	<u>4,177,480</u>	<u>249,712</u>	<u>4,427,192</u>	<u>542,582</u>
Net position:				
Net investment in capital assets	17,551,340	19,304,454	36,855,794	985,060
Restricted for:				
Other purposes	124,301	-	124,301	18,835
Capital projects	40,261	-	40,261	13,045
Unrestricted	23,074	5,430,455	5,453,529	(28,006)
Total net position	<u>\$ 17,738,976</u>	<u>\$ 24,734,909</u>	<u>\$ 42,473,885</u>	<u>\$ 988,934</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2017

					Net (Expense) Revenue and Changes in Net Position			
		Program Revenues						Component
			Operating	Capital	Primary Government			Unit
Functions/Programs	Expenses	Charges for	Grants and	Grants and	Governmental	Business-type	Total	Public
		Services	Contributions	Contributions	Activities	Activities		Library
Primary government:								
Governmental activities:								
General government	\$ 3,333,475	\$ 358,322	\$ 594,913	\$ 389,346	\$ (1,990,894)	\$ -	\$ (1,990,894)	\$ -
Public safety	3,321,488	119,177	39,616	-	(3,162,695)	-	(3,162,695)	-
Public works	1,972,702	357,143	285,157	333,314	(997,088)	-	(997,088)	-
Parks and recreation	377,475	-	27,887	-	(349,588)	-	(349,588)	-
Interest on long-term debt	213,234	-	-	-	(213,234)	-	(213,234)	-
Total governmental activities	9,218,374	834,642	947,573	722,660	(6,713,499)	-	(6,713,499)	-
Business-type activities:								
Water	3,105,512	4,206,276	-	2,725,030	-	3,825,794	3,825,794	-
Wastewater	1,908,248	2,640,177	-	-	-	731,929	731,929	-
Refuse	941,619	8,237	-	-	-	(933,382)	(933,382)	-
Total business-type activities	5,955,379	6,854,690	-	2,725,030	-	3,624,341	3,624,341	-
Total primary government	\$ 15,173,753	\$ 7,689,332	\$ 947,573	\$ 3,447,690	(6,713,499)	3,624,341	(3,089,158)	-
Component unit:								
Public Library	\$ 588,454	\$ 12,791	\$ 41,618	\$ -	-	-	-	(534,045)
General revenues:								
Property taxes					3,470,664	-	3,470,664	516,985
Sales taxes					1,738,735	1,057,363	2,796,098	-
Franchise taxes					1,363,115	-	1,363,115	-
Guest taxes					150,034	-	150,034	-
Payment in lieu of taxes					23,189	-	23,189	-
Unrestricted investment earnings					69,814	59,758	129,572	775
Miscellaneous					-	8,325	8,325	-
Gain on sale of capital assets					79,454	6,400	85,854	-
Transfers					923,782	(923,782)	-	-
Total general revenues and transfers					7,818,787	208,064	8,026,851	517,760
Change in net position					1,105,288	3,832,405	4,937,693	(16,285)
Net position, beginning of year as previously stated					16,542,347	20,902,504	37,444,851	1,005,219
Prior period adjustment					91,341	-	91,341	-
Net position, beginning of year as restated					16,633,688	20,902,504	37,536,192	1,005,219
Net position, end of year					\$ 17,738,976	\$ 24,734,909	\$ 42,473,885	\$ 988,934

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2017

	General*	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 2,566,337	\$ 2,873,588	\$ 283,221	\$ 5,723,146
Receivables (net of allowance for uncollectibles):				
Taxes	2,820,888	-	713,102	3,533,990
Intergovernmental	-	10,272	12,795	23,067
Accounts	112,562	-	-	112,562
Loans	44,943	-	-	44,943
Total assets	<u>\$ 5,544,730</u>	<u>\$ 2,883,860</u>	<u>\$ 1,009,118</u>	<u>\$ 9,437,708</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 393,808	\$ 216,884	\$ 15,924	\$ 626,616
Accrued payroll	94,485	-	-	94,485
Total liabilities	<u>488,293</u>	<u>216,884</u>	<u>15,924</u>	<u>721,101</u>
Deferred inflows of resources:				
Unavailable revenue-property taxes	<u>2,385,946</u>	<u>-</u>	<u>713,102</u>	<u>3,099,048</u>
Fund balances:				
Restricted:				
Substance abuse prevention and emergency shelter	-	-	15,771	15,771
Capital projects and maintenance	-	-	40,261	40,261
Public safety	-	-	5,061	5,061
Parks and recreation facilities	-	-	103,469	103,469
Assigned:				
Purchases on order - finance	36,321	-	-	36,321
Subsequent year's budget- appropriation of fund balance	408,212	2,666,976	115,530	3,190,718
Unassigned	<u>2,225,958</u>	<u>-</u>	<u>-</u>	<u>2,225,958</u>
Total fund balances	<u>2,670,491</u>	<u>2,666,976</u>	<u>280,092</u>	<u>5,617,559</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,544,730</u>	<u>\$ 2,883,860</u>	<u>\$ 1,009,118</u>	<u>\$ 9,437,708</u>

\* See the General Fund Combining Balance Sheet on page 93.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2017

Total fund balance in governmental fund balance sheet	\$ 5,617,559
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,043,002
Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then.	1,701,107
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(12,544,260)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then.	<u>(1,078,432)</u>
Net position of governmental activities	<u><u>\$ 17,738,976</u></u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

Year Ended December 31, 2017

	General*	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 2,678,446	\$ -	\$ 792,218	\$ 3,470,664
Sales	1,738,735	-	-	1,738,735
Franchise	1,363,115	-	-	1,363,115
Transient guest	150,034	-	-	150,034
Payments in lieu of taxes	23,189	-	-	23,189
Intergovernmental	90,779	610,200	534,263	1,235,242
Licenses and permits	64,821	-	-	64,821
Charges for services	341,728	-	-	341,728
Fines and fees	196,392	-	-	196,392
Interest on investments	32,241	32,329	5,244	69,814
Other	137,725	80,288	60,756	278,769
Total revenues	<u>6,817,205</u>	<u>722,817</u>	<u>1,392,481</u>	<u>8,932,503</u>
Expenditures:				
Current:				
General government	2,472,432	-	290,725	2,763,157
Public works	1,514,865	42,846	-	1,557,711
Public safety	3,079,709	-	3,825	3,083,534
Parks and recreation	317,835	-	13,013	330,848
Debt service:				
Principal	15,701	-	670,000	685,701
Interest and fiscal charges	5,316	-	171,193	176,509
Debt issuance costs	-	36,160	-	36,160
Capital outlay	460,565	2,070,519	294,836	2,825,920
Total expenditures	<u>7,866,423</u>	<u>2,149,525</u>	<u>1,443,592</u>	<u>11,459,540</u>
Excess/(deficiency) of revenues over (under) expenditures	<u>(1,049,218)</u>	<u>(1,426,708)</u>	<u>(51,111)</u>	<u>(2,527,037)</u>
Other financing sources (uses):				
Sale of capital assets	59,157	-	-	59,157
General obligation bonds issued	-	1,205,000	-	1,205,000
Insurance recoveries	401,825	-	-	401,825
Transfers in	1,097,394	430,250	167,630	1,695,274
Transfers out	(124,588)	(167,630)	(111,500)	(403,718)
Total other financing sources (uses)	<u>1,433,788</u>	<u>1,467,620</u>	<u>56,130</u>	<u>2,957,538</u>
Net change in fund balances	384,570	40,912	5,019	430,501
Fund balances, beginning of year	2,285,921	2,626,064	275,073	5,187,058
Fund balances, end of year	<u>\$ 2,670,491</u>	<u>\$ 2,666,976</u>	<u>\$ 280,092</u>	<u>\$ 5,617,559</u>

\*See the General Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances on page 94.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balances - total governmental funds	\$ 430,501
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	1,232,826
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(517,940)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(40,099)</u>
Change in net position of governmental activities	<u>\$ 1,105,288</u>

See accompanying notes to basic financial statements.



CITY OF ATCHISON, KANSAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2017

	Water	Wastewater	Refuse	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,525,754	\$ 1,087,800	\$ 430,413	\$ 3,043,967
Restricted cash	-	2,567,369	-	2,567,369
Receivables (net of allowance for uncollectibles):				
Accounts	553,269	355,758	1,054	910,081
Sales tax	-	-	183,978	183,978
Intergovernmental	3,254	-	-	3,254
Total current assets	<u>2,082,277</u>	<u>4,010,927</u>	<u>615,445</u>	<u>6,708,649</u>
Noncurrent assets:				
Capital assets:				
Land	84,396	17,141	-	101,537
Buildings and systems	33,944,852	18,058,024	-	52,002,876
Machinery and equipment	2,307,231	1,670,107	628,310	4,605,648
Construction in progress	35,864	1,404,578	-	1,440,442
Less accumulated depreciation	(12,407,458)	(11,199,032)	(450,350)	(24,056,840)
Total noncurrent assets	<u>23,964,885</u>	<u>9,950,818</u>	<u>177,960</u>	<u>34,093,663</u>
Total assets	<u>26,047,162</u>	<u>13,961,745</u>	<u>793,405</u>	<u>40,802,312</u>
Deferred outflows of resources:				
Deferred charge on refunding	33,356	-	-	33,356
Deferred outflows - pension	157,768	113,337	51,365	322,470
Total deferred outflows of resources	<u>191,124</u>	<u>113,337</u>	<u>51,365</u>	<u>355,826</u>
Liabilities:				
Current liabilities:				
Accounts payable	81,268	202,638	21,723	305,629
Accrued payroll	15,739	6,039	3,081	24,859
Accrued interest payable	129,395	20,479	-	149,874
Accrued compensated absences - current	35,977	4,972	7,953	48,902
Loans payable - current	256,646	-	-	256,646
Leases payable - current	-	40,408	87,313	127,721
General obligation bonds - current	860,000	-	-	860,000
Total current liabilities	<u>1,379,025</u>	<u>274,536</u>	<u>120,070</u>	<u>1,773,631</u>
Noncurrent liabilities:				
Accrued compensated absences	43,031	1,032	2,944	47,007
Net pension liability	404,392	275,791	127,854	808,037
Loans payable	11,234,520	2,163,544	-	13,398,064
Leases payable	-	41,329	89,713	131,042
General obligation bonds payable, net	15,736	-	-	15,736
Total noncurrent liabilities	<u>11,697,679</u>	<u>2,481,696</u>	<u>220,511</u>	<u>14,399,886</u>
Total liabilities	<u>13,076,704</u>	<u>2,756,232</u>	<u>340,581</u>	<u>16,173,517</u>
Deferred inflows of resources:				
Deferred inflows - pension	135,020	76,127	38,565	249,712
Net position:				
Net investment in capital assets	11,597,983	7,705,537	934	19,304,454
Unrestricted	1,428,579	3,537,186	464,690	5,430,455
Total net position	<u>\$ 13,026,562</u>	<u>\$ 11,242,723</u>	<u>\$ 465,624</u>	<u>\$ 24,734,909</u>

See accompanying notes to basic financial statements.

## CITY OF ATCHISON, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS

Year Ended December 31, 2017

	Water	Wastewater	Refuse	Total
Operating revenues:				
Charges for sales and services	\$ 4,206,276	\$ 2,640,177	\$ 8,237	\$ 6,854,690
Operating expenses:				
Personnel services	584,332	621,081	254,315	1,459,728
Contractual services	298,402	332,323	537,234	1,167,959
Supplies	425,003	82,437	47,786	555,226
Utilities	326,618	214,608	6,988	548,214
Depreciation and amortization	1,120,756	591,784	88,072	1,800,612
Total operating expenses	2,755,111	1,842,233	934,395	5,531,739
Operating income (loss)	1,451,165	797,944	(926,158)	1,322,951
Nonoperating revenues (expenses):				
Sales tax revenue	-	-	1,057,363	1,057,363
Interest revenue	15,753	40,684	3,321	59,758
Insurance recoveries	8,325	-	-	8,325
Sale of general capital assets	-	6,400	-	6,400
Interest expense	(350,401)	(66,015)	(7,224)	(423,640)
Total nonoperating revenues (expenses)	(326,323)	(18,931)	1,053,460	708,206
Income before transfers and capital contributions	1,124,842	779,013	127,302	2,031,157
Capital contributions	3,007,675	80,764	4,365	3,092,804
Transfers in	-	28,657	92,181	120,838
Transfers out	(673,857)	(583,857)	(154,680)	(1,412,394)
Change in net position	3,458,660	304,577	69,168	3,832,405
Net position, beginning of year	9,567,902	10,938,146	396,456	20,902,504
Net position, end of year	\$ 13,026,562	\$ 11,242,723	\$ 465,624	\$ 24,734,909

See accompanying notes to basic financial statements.

## CITY OF ATCHISON, KANSAS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

Year Ended December 31, 2017

	Water	Wastewater	Refuse	Total
Cash flows from operating activities:				
Receipts from customers	\$ 4,182,749	\$ 2,605,034	\$ 7,879	\$ 6,795,662
Payments to suppliers	(1,118,598)	(561,761)	(593,390)	(2,273,749)
Payments to employees	(578,766)	(620,068)	(253,942)	(1,452,776)
Net cash provided by (used in) operating activities	2,485,385	1,423,205	(839,453)	3,069,137
Cash flows from noncapital financing activities:				
Proceeds from sales tax revenue	-	-	1,043,924	1,043,924
Transfers in from other funds	-	28,657	92,181	120,838
Transfers to other funds	(673,857)	(583,857)	(154,680)	(1,412,394)
Net cash provided by (used in) noncapital financing activities	(673,857)	(555,200)	981,425	(247,632)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(971,605)	-	(971,605)
Receipts from intergovernmental receivable	-	53,460	-	53,460
Proceeds from insurance recoveries	8,325	-	-	8,325
Proceeds from sale on capital assets	-	6,400	-	6,400
Principal paid on general obligation bonds	(975,000)	-	-	(975,000)
Principal paid on capital debt	(544,610)	(180,405)	-	(725,015)
Principal paid on capital leases	-	(39,501)	(84,957)	(124,458)
Interest paid on capital debt	(370,984)	(63,342)	(7,224)	(441,550)
Net cash used in capital and related financing activities	(1,882,269)	(1,194,993)	(92,181)	(3,169,443)
Cash flows from investing activities:				
Interest received	15,753	40,684	3,321	59,758
Net increase (decrease) in cash and cash equivalents	(54,988)	(286,304)	53,112	(288,180)
Cash and cash equivalents and restricted cash, beginning of year	1,580,742	3,941,473	377,301	5,899,516
Cash and cash equivalents and restricted cash, end of year	\$ 1,525,754	\$ 3,655,169	\$ 430,413	\$ 5,611,336

(Continued)

CITY OF ATCHISON, KANSAS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (Continued)

Year Ended December 31, 2017

	Water	Wastewater	Refuse	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,451,165	\$ 797,944	\$ (926,158)	\$ 1,322,951
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Items not requiring cash:				
Depreciation and amortization expense	1,120,756	591,784	88,072	1,800,612
Changes in:				
Accounts receivable	(23,527)	(35,143)	(358)	(59,028)
Deferred outflows - pension	(32,486)	(34,633)	(13,496)	(80,615)
Accounts payable	(68,575)	67,607	(1,382)	(2,350)
Accrued compensated absences	7,850	2,669	1,825	12,344
Accrued payroll	395	1,198	(339)	1,254
Net pension liability	49,662	52,946	20,632	123,240
Deferred inflows - pension	(19,855)	(21,167)	(8,249)	(49,271)
Net cash provided by (used in) operating activities	<u>\$ 2,485,385</u>	<u>\$ 1,423,205</u>	<u>\$ (839,453)</u>	<u>\$ 3,069,137</u>

Noncash capital financing activities:

Contributions of capital assets of \$ 282,645 were acquired in the water fund from governmental funds.

Contributions of capital assets of \$ 80,764 were acquired in the sewer fund from governmental funds.

Contribution of capital assets of \$ 4,365 were acquired in the refuse fund from governmental funds.

Debt forgiveness of \$ 2,725,030 occurred in the water fund.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

December 31, 2017

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	<u>\$        235,381</u>
Liabilities:	
Due to others	<u>\$        235,381</u>

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Atchison, Kansas (the City) was incorporated in 1858. The City operates under a City Commission - Manager form of government. The accompanying basic financial statements present the City (the primary government) and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for the description) to emphasize that it is legally separate from the City.

*Discretely Presented Component Unit.* The Public Library (the Library) is operated by a Library Board which is appointed by the City Commission. The City levies and collects a special library tax to subsidize the Library's operations. The Library's operating budget is limited to seven mills by charter ordinance of the City Commission. The City must approve acquisition or disposition of real property by the Library, but the Library owns the capital assets. Bond issuances must also be approved by the City. The Library is presented as a governmental fund type. Separately issued financial statements for the Library are not available.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency funds do not have a measurement focus and use the accrual basis of accounting to report their financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 90-day availability period is used for revenue recognition for all governmental funds revenues except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.



CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, public works, parks, recreation, and administration.

The capital projects fund is a fund used by the City for the acquisition and construction of major facilities other than those financed by the enterprise funds.

The City reports the following major proprietary funds:

The water fund accounts for the operation and maintenance activities of the City's water distribution system.

The wastewater fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment system.

The refuse fund accounts for the operation and maintenance of the City's refuse service.

Additionally, the City reports the following fund type:

Agency funds are used to report resources held by the City in a custodial capacity for remittance to private organizations. These funds are held on behalf of the Amelia Earhart Festival, Santa Fe Depot Enhancement, Veteran's Memorial Park, Jackson Park Revitalization, Fire Insurance Proceeds, and the White Clay Watershed District.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water/wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater funds are charges to customers for sales and services. Operating expenses for the water and wastewater funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Pooled Cash and Investments

Cash and cash equivalents of the individual funds are combined to form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "cash and cash equivalents" in the financial statements. These pooled funds consist of operating accounts. Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion and upon their average monthly equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2017, interest earnings allocated to the various funds were \$ 129,572.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Cash Flows Statement

For purposes of the cash flows statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable. At December 31, 2017, an allowance for uncollectible receivables of approximately \$ 1,045,000 has been recorded.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds unavailable revenue is reported as follows:

General fund property tax receivable	\$ 2,385,946
Debt service fund property tax receivable	<u>713,102</u>
	<u><u>\$ 3,099,048</u></u>

Property Taxes

The City's property taxes are levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by the Atchison County Assessor. The assessed value for property located in the City on which the 2017 levy was based was \$ 72,551,804.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The 2016 tax levy per \$ 1,000 of assessed valuation which supports the 2017 budget was as follows:

General Fund	\$ 36.148
Debt Service Fund	10.801
Component unit:	
Public Library	<u>7.000</u>
	<u><u>\$ 53.949</u></u>

Property taxes levied in prior years that remain uncollected are recorded as receivables, net of estimated uncollectibles.

Restricted Assets

Restricted cash is set aside in the wastewater fund for wastewater capital improvements.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$ 2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives.

Buildings and systems	20 - 40 years
Improvements	20 years
Machinery and equipment	3 - 10 years
Infrastructure	40 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The first two items are the deferred charge on refunding and deferred outflows – pension reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item is deferred outflows - OPEB reported in the government-wide statement of net position. See Notes 6 and 7 for more information on the deferred outflows for the pension and OPEB.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. One item, *unavailable revenue/deferred receivable*, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds and activities report unavailable revenues from one source: property taxes. Governmental activities report a deferred receivable from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is deferred inflows for pension. See Note 6 for more information on the deferred inflows for the pension.

Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee with twenty years of service or more will receive accumulated sick leave up to a maximum of 120 days and all accumulated vacation leave, provided the employee has met all conditions set forth in Section VI of the City's personnel policy. An employee with fifteen to twenty years of service will receive one-half of accumulated sick leave, which is limited to a maximum of forty-five days, and all accumulated vacation leave in the event of termination. An employee with ten to fifteen years of service will receive one-fourth of accumulated sick leave, which is limited to a maximum of fifteen days, and all accumulated vacation leave in the event of termination. All vacation leave is accrued when incurred and the varying amounts of accumulated sick leave are accrued upon attaining ten, fifteen and twenty years of service in the government-wide and proprietary financial statements. In the governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2017, fund balances for governmental funds are made up of the following:

*Nonspendable fund balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.



CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

*Restricted fund balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

*Committed fund balance* – includes amounts that can only be spent for specific purposes determined by a formal action (adoption of an ordinance) of the City's highest level of decision-making authority, the City Commission. Commitments may be changed or lifted only by the City Commission taking the same formal action that imposed the constraint originally.

*Assigned fund balance* – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Commission or (2) a body or official to which the City Commission has delegated the authority by resolution to assign amounts to be used for specific purposes.

*Unassigned fund balance* – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Concentrations of Credit Risk

Unsecured credit is extended to customers for water and sewer fees and charges for services. Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Governmental Accounting Standards Board Statement

During the year the City adopted GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governments.

Pending Governmental Accounting Standards Board Statements

At December 31, 2017, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The requirements of this statement are effective for periods beginning after December 15, 2018.

GASB Statement No. 85, *Omnibus 2017*, addresses practice issues that have been identified during implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of this statement are effective for periods beginning after June 15, 2017.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Earlier application is encouraged.

Prior Period Adjustment

Beginning net position for the primary government on the statement of activities was restated to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The effect of this restatement on the primary government's beginning net position was an increase of \$ 91,341, which resulted from the OPEB liability being decreased by the same amount. There was no effect on current or prior-year revenues or expenditures as a result of this adjustment.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ (12,544,260) difference are as follows:

Bonds payable	\$ (6,305,000)
Bond premium	(22,651)
Capital leases payable	(164,011)
Accrued interest payable	(58,988)
Compensated absences	(474,088)
Net pension liability	(4,736,830)
Net other postemployment benefit obligation	<u>(782,692)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (12,544,260)</u></u>

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ 1,232,826 difference are as follows:

Capital outlay	\$ 2,424,807
Depreciation expense	<u>(1,191,981)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ 1,232,826</u></u>

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ (517,940) difference are as follows:

Principal repayments:	
General obligation bonds	\$ 670,000
Capital leases	15,701
Amortization of bond premium	1,359
Debt issued or incurred:	
General obligation bonds	<u>(1,205,000)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (517,940)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$ (40,099) difference are as follows:

Compensated absences	\$ 100,370
Accrued interest	(1,924)
Pension contributions	(66,618)
Net other postemployment benefit obligation	<u>(71,927)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (40,099)</u>

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

3 - Stewardship, Compliance and Accountability

Budgetary Information

Applicable Kansas statutes require that budgets be legally adopted for all funds unless exempted by a specific statute. Legal operating budgets are required for the General, Special Alcohol, Special Parks and Recreation, Motor Fuel, and the Debt Service Funds. Budgets are not required for the Law Enforcement, DARE, Grants, Insurance Reserve, Capital Projects, Municipal Equipment Reserve, Façade Improvements, Water, Wastewater and Refuse Funds. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting - that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

Kansas statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended December 31, 2017.

Under Kansas statutes management cannot amend the total budget of a fund without approval of the governing body; however, the statutes permit transferring budgeted amounts between line items within an individual fund or department. Therefore, the legal level of control is at the fund level for all legally adopted budgets. The City has elected to pursue a policy of requiring approval of the City Manager on major category changes exceeding \$ 5,000. City Commission approval is not needed for category changes or budget transfers between departments within the approved budget. Major category means total personnel services, total contractual services, total materials and supplies, total other charges, or total capital outlay.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

4 - Deposits and Investments

*Credit risk*

Kansas statutes authorize the City and the Library, with certain restrictions, to deposit or invest in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury Bills and Notes, the municipal investment pool, or to make direct investments. City Resolution 4896 further limits the investment of temporarily idle funds of the City to either, or all, of the following:

1. Direct obligations of the United States Government.
2. Temporary notes of the City.
3. Interest bearing certificates of deposit of the depository banks of the City.
4. Interest bearing accounts with federally insured savings and loan associations in such amounts not exceeding such federal insurance.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At December 31, 2017, the City's deposits were not exposed to custodial credit risk. The deposits for the Library were not exposed to custodial credit risk.



CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,555,008	\$ -	\$ -	\$ 2,555,008
Construction in progress	708,772	1,373,852	(510,623)	1,572,001
Total capital assets not being depreciated	3,263,780	1,373,852	(510,623)	4,127,009
Capital assets being depreciated:				
Buildings and systems	5,844,350	265,903	-	6,110,253
Improvements	8,567,907	48,995	-	8,616,902
Machinery and equipment	5,227,155	319,905	(148,561)	5,398,499
Infrastructure	23,325,518	926,775	-	24,252,293
Total capital assets being depreciated	42,964,930	1,561,578	(148,561)	44,377,947
Less accumulated depreciation for:				
Buildings and systems	(1,931,712)	(137,226)	-	(2,068,938)
Improvements	(3,555,520)	(307,243)	-	(3,862,763)
Machinery and equipment	(3,709,360)	(394,107)	148,561	(3,954,906)
Infrastructure	(14,221,942)	(353,405)	-	(14,575,347)
Total accumulated depreciation	(23,418,534)	(1,191,981)	148,561	(24,461,954)
Total capital assets being depreciated, net	19,546,396	369,597	-	19,915,993
Governmental activities capital assets, net	<u>\$ 22,810,176</u>	<u>\$ 1,743,449</u>	<u>\$ (510,623)</u>	<u>\$ 24,043,002</u>

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5 - Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 101,537	\$ -	\$ -	\$ 101,537
Construction in progress	749,272	691,170	-	1,440,442
Total capital assets not being depreciated	850,809	691,170	-	1,541,979
Capital assets being depreciated:				
Buildings and systems	51,677,194	325,682	-	52,002,876
Machinery and equipment	4,368,433	322,527	(85,312)	4,605,648
Total capital assets being depreciated	56,045,627	648,209	(85,312)	56,608,524
Less accumulated depreciation for:				
Buildings and systems	(20,192,055)	(1,440,281)	-	(21,632,336)
Machinery and equipment	(2,149,485)	(360,331)	85,312	(2,424,504)
Total accumulated depreciation	(22,341,540)	(1,800,612)	85,312	(24,056,840)
Total capital assets being depreciated, net	33,704,087	(1,152,403)	-	32,551,684
Business-type activities capital assets, net	<u>\$ 34,554,896</u>	<u>\$ (461,233)</u>	<u>\$ -</u>	<u>\$ 34,093,663</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 482,396
Public safety	268,306
Public works	394,650
Parks and recreation	46,629
Total depreciation expense - governmental activities	<u>\$ 1,191,981</u>
Business-type activities:	
Water	\$ 1,120,756
Wastewater	591,784
Refuse	88,072
Total depreciation expense - business-type activities	<u>\$ 1,800,612</u>

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets (Continued)

Discretely Presented Component Unit

Capital asset activity for the Library for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Library:</b>				
Capital assets not being depreciated:				
Land	\$ 8,995	\$ -	\$ -	\$ 8,995
Capital assets being depreciated:				
Buildings and systems	1,234,122	11,731	-	1,245,853
Books	485,776	33,499	(72,201)	447,074
Machinery and equipment	179,521	2,954	-	182,475
Total capital assets being depreciated	1,899,419	48,184	(72,201)	1,875,402
Less accumulated depreciation for:				
Buildings and systems	(350,265)	(40,312)	-	(390,577)
Books	(426,053)	(40,437)	72,201	(394,289)
Machinery and equipment	(93,653)	(20,818)	-	(114,471)
Total accumulated depreciation	(869,971)	(101,567)	72,201	(899,337)
Total capital assets being depreciated, net	1,029,448	(53,383)	-	976,065
Library capital assets, net	\$ 1,038,443	\$ (53,383)	\$ -	\$ 985,060

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Pension Plan

General Information About the Pension Plan

*Description of Pension Plan.* The City and the Library participate in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
  - State/School employees
  - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City and the Library are included in the Local and Police and Firemen employee groups.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at [www.kpers.org](http://www.kpers.org).

*Benefits Provided.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the KPERS fiscal year ended June 30, 2017.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.46% for KPERS and 19.03% for KP&F for the year ended December 31, 2017. Contributions to the Pension Plan from the City were \$ 204,605 for KPERS and \$ 356,338 for KP&F for the year ended December 31, 2017. Contributions from the Library for KPERS were \$ 20,483 for the year ended December 31, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the City reported a liability of \$ 2,092,309 for KPERS and \$ 3,452,559 for KP&F and the Library reported a liability of \$ 198,076 for KPERS for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2017, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017 the City's proportion for KPERS was .144451%, which was an increase of .028936% from its proportion measured as of June 30, 2016. At June 30, 2017, the City's proportion for KP&F was .368159%, which was a decrease of .076737% from its proportion measured as of June 30, 2016. At June 30, 2017, the Library's proportion for KPERS was .013675%, which is a decrease of .000888% from its proportion measured as of June 30, 2016.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2017, the City recognized pension expense of \$ 192,983 for KPERS, \$ 432,682 for KP&F and \$ 7,371 for the Library. At December 31, 2017, the City and the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 177,021	\$ 98,175
Net difference between projected and actual earnings on pension plan investments	193,533	-
Change of assumptions	353,766	30,729
Changes in proportionate share	971,370	1,199,240
City contributions subsequent to measurement date	289,255	-
Total	<u>\$ 1,984,945</u>	<u>\$ 1,328,144</u>
Library		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 958	\$ 6,849
Net difference between projected and actual earnings on pension plan investments	6,213	-
Change of assumptions	10,667	1,448
Changes in proportionate share	-	33,240
Library contributions subsequent to measurement date	10,410	-
Total	<u>\$ 28,248</u>	<u>\$ 41,537</u>



CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$ 289,255 and \$ 10,410 for the City and the Library, respectively, reported as deferred outflows of resources related to pensions resulting from the City's and Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	City
2018	\$ 38,300
2019	248,166
2020	126,619
2021	(62,900)
2022	17,361
	<u>\$ 367,546</u>

Year Ended June 30,	Library
2018	\$ (11,959)
2019	(3,770)
2020	(2,852)
2021	(4,761)
2022	(357)
	<u>\$ (23,699)</u>

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

*Actuarial assumptions.* The total pension liability for KPERS in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Wage inflation	3.50 percent
Salary increases, including price inflation	3.50 to 12.00 percent
Long-term rate of return net of investment expense, and including price inflation	7.75 percent

Mortality rates were based on the RP-2014 Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the three year period ending December 31, 2015.

# CITY OF ATCHISON, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 6 - Pension Plan (Continued)

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.85%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	(0.25%)
Total	100%	

*Discount rate.* The discount rate used by KPERS to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in future years. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

*Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate.* The following presents the City's and the Library's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's KPERS proportionate share of the collective net pension liability	\$ 3,013,382	\$ 2,092,309	\$ 1,315,880
City's KP&F proportionate share of the collective net pension liability	4,897,953	3,452,559	2,242,559
Atchison Public Library's KPERS proportionate share of the collective net pension liability	285,273	198,076	124,573

*Pension plan fiduciary net position.* Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Other Postemployment Healthcare Benefits

Plan Description, Benefits Provided and Contributions. The City provides postemployment health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The medical insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at age 65. A retiring employee who waives continuing participation in the City's health insurance program at the time of retirement is not eligible to participate at a later date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the blended premium cost of active employees to maintain coverage. In 2017, the City contributed \$ 14,037 to the plan and participating retirees contributed \$ 10,621.

Employees covered by Benefit Terms. At December 31, 2017, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	3
Active plan members	99
	<hr/>
	102
	<hr/> <hr/>

Total OPEB Liability.

The City's total OPEB liability of \$ 782,692 was measured as of December 31, 2017 and was determined by an actuarial valuation performed as of January 1, 2018.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Actuarial Assumption and Other Inputs. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.24 percent
Salary increases	3.00 percent per year
Healthcare cost trend rates	7.50 percent for 2019, decreasing 0.5 percent for year 2, then decreasing 0.25 percent per year through year 8, to an ultimate rate of 5.00 percent for 2027.
Retirees' share of benefit-related costs	Retirees must contribute group plan premiums to maintain coverage during retirement.
Actuarial cost method	Entry Age Normal-Level Percent-of-Pay

The discount rate was based on the average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields.

Mortality rates were based on the Society of Actuaries RPH-2014 adjusted to 2006 Total Data Headcount-weighted Mortality table with Scale MP-2017 Full Generational Improvement and the Society of Actuaries RPH-2014 adjusted to 2006 Disabled Retiree Headcount-weighted Mortality with MP-2017 Full Generational Improvement.

Changes in the Total OPEB Liability

Changes of assumptions and other inputs reflect a change in the discount rate from 3.76 percent in 2016 to 3.24 percent in 2017.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

Changes in the Total OPEB Liability (Continued)

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.24 percent) or 1-percentage-point higher (4.24 percent) than the current discount rate:

	Total OPEB Liability
Balance at December 31, 2016	\$ 672,133
Changes for the year:	
Service cost	52,339
Interest	27,040
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	41,801
Employer contribution (benefit payments)	(10,621)
Net changes	110,559
Balance at December 31, 2017	\$ 782,692

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (2.24%)	Discount Rate (3.24%)	1% Increase (4.24%)
Total OPEB liability	\$ 870,438	\$ 782,692	\$ 704,510

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Other Postemployment Healthcare Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended December 31, 2017, the City recognized OPEB expense of \$ 82,548. At December 31, 2017, the City reported deferred outflows of resources related to OPEB from the following sources:

	1% Decrease (6.5%)	Healthcare Cost Trend Rates (7.5%)	1% Increase (8.5%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total OPEB liability	\$ 693,521	\$ 782,692	\$ 890,754

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Deferred Outflows of Resources</u>
Changes in assumptions or other inputs	<u>\$ 38,632</u>

*Prior period adjustment.* The implementation of GASB 75 resulted in a \$ 91,341 decrease to the total OPEB liability and corresponding increase to net position for governmental activities as of January 1, 2017.

8 - Risk Management

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.



CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Commitments and Contingencies

Capital Projects

The City has the following projects in progress at December 31, 2017:

	Costs to Date	Amount Authorized
General government:		
Airport master plan	\$ 55,700	\$ 55,700
Airport environmental assessment	90,429	90,429
Riverfront trail expansion	24,400	24,400
Airport partial parallel taxiway reconstruction	438,807	484,763
2017 Street improvement project	500,076	1,270,137
Airport fuel tank relocation	1,946	246,946
2nd Street sidewalk corridor	74,043	110,893
US 73 underdrain improvements	291,353	293,470
	\$ 1,476,754	\$ 2,576,738
Wastewater:		
Biotower media	\$ 331,836	\$ 596,856
Dam 6 Separation	176,365	252,000
800 Commercial Streetscape	240,358	245,717
CSO 11th & 14th	656,019	656,019
	\$ 1,404,578	\$ 1,750,592
Water:		
Small main replacement - Ridge Road	\$ 2,000	\$ 50,955
RWI Elevator	33,864	46,073
	\$ 35,864	\$ 97,028

Litigation

There are a number of claims and/or lawsuits to which the City is a party as a result of the ordinary course of City activities. The City management and legal counsel anticipate that the potential claims against the City not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the City.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Commitments and Contingencies (Continued)

Industrial Revenue Bonds

The City has issued industrial revenue bonds to finance the purchase of land and construction of facilities leased to local businesses. The lease agreements provide for rentals sufficient to service the related bonds. The debt service on these issues is paid solely from lease agreements; these issues do not constitute a debt of the City. The lessees have the option of purchasing the leased properties at any time during the lease periods for amounts sufficient to retire the related outstanding bonds. At the end of the lease periods, which conform to bond maturity schedules, the lessees may either purchase the property for a nominal amount or renew the leases annually at nominal amounts. As of December 31, 2017, industrial revenue bonds of \$ 30,150,000 are outstanding.

10 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2017 are comprised of the following issues:

	Callable Date	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2017	Outstanding December 31, 2017
General Obligation Bonds:						
Governmental activities:						
Series 2007-A	9/1/2015	3.50% to 4.00%	\$ 2,300,000	2017	\$ 280,000	\$ -
Series 2011-A	9/1/2019	2.00% to 4.15%	1,830,000	2031	145,000	1,150,000
Series 2014-A	9/1/2021	2.00% to 3.625%	4,645,000	2034	245,000	3,950,000
Series 2017-A	9/1/2025	2.00% to 2.70%	1,205,000	2027	-	1,205,000
					<u>670,000</u>	<u>6,305,000</u>
Business-type activities:						
Series 2010-A	N/A	2.00% to 2.50%	6,124,681	2018	975,000	860,000
					<u>\$ 1,645,000</u>	<u>\$ 7,165,000</u>

The installment ranges for the general obligation bonds are the following:

	Installment Range	
	Low	High
General Obligation Bonds:		
Governmental activities:		
Series 2011-A	\$ 25,000	\$ 165,000
Series 2014-A	175,000	285,000
Series 2017-A	110,000	135,000
Business-type activities:		
Series 2010-A	860,000	860,000

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2017 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 505,000	\$ 178,312	\$ 860,000	\$ 21,500
2019	515,000	166,358	-	-
2020	530,000	152,683	-	-
2021	540,000	140,843	-	-
2022	560,000	128,493	-	-
2023-2027	2,015,000	451,792	-	-
2028-2032	1,165,000	210,028	-	-
2033-2036	475,000	25,625	-	-
	<u>\$ 6,305,000</u>	<u>\$ 1,454,134</u>	<u>\$ 860,000</u>	<u>\$ 21,500</u>

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Capital Leases (Continued)

The assets acquired through capital leases are as follows:

Asset:

Street sweeper	\$ 199,900
Less accumulated depreciation	<u>(61,636)</u>
Net book value	<u>\$ 138,264</u>
Hangar Building	\$ 340,445
Less accumulated depreciation	<u>(14,185)</u>
Net book value	<u>\$ 326,260</u>
Solid waste trucks	\$ 436,110
Less accumulated depreciation	<u>(261,666)</u>
Net book value	<u>\$ 174,444</u>

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10 - Long-Term Debt (Continued)

Capital Leases (Continued)

The following is a schedule of future minimum lease payments for capital leases as of December 31, 2017:

	Governmental Activities	Business-type Activities
2018	\$ 21,016	\$ 134,495
2019	21,016	134,495
2020	21,016	-
2021	21,016	-
2022	21,016	-
2023-2026	84,067	-
	189,147	268,990
Amount representing interest	(25,136)	(10,227)
	<u>\$ 164,011</u>	<u>\$ 258,763</u>

Revolving Loans Payable

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) on August 21, 2009. According to the agreement, KDHE will loan an amount not to exceed \$ 3,834,075 to the City for the purpose of replacing over 24,000 feet of deteriorated water line and constructing a new pump station. The interest rate on the loan is 3.75%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. The City was informed by KDHE on February 26, 2010 that principal forgiveness equal to 32% of the total construction contract amount as of February 17, 2010 was granted using American Recovery and Reinvestment Act (ARRA) funds. The project was completed in 2012 and the loan amount was finalized, and the repayment schedule was revised to reflect the amount of principal forgiven. The principal forgiven totaled \$ 909,359. As of December 31, 2017, the entirety of the available loan balance has been drawn down. Project costs of \$ 3,702,333 and \$ 100,455 of capitalized interest and fees have been incurred for this project. Principal and interest payments of \$ 120,164 and \$ 83,861, respectively, were made during 2017. The outstanding balance of \$ 2,145,888 is shown as a liability in the water fund.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Revolving Loans Payable (Continued)

During 2012, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 4,448,093 to the City for the purpose of replacing a pump station and constructing a new elevated water tower. The interest rate on the loan is 2.42%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City or the first disbursement under the loan or one year after project completion. The project is complete and the loan amount and repayment schedule have been finalized. As of December 31, 2017, \$ 3,224,692 of the available loan balance has been drawn down and project costs of \$ 3,224,692 have been incurred for this project. Principal and interest payments of \$ 128,812 and \$ 66,243, respectively, were made during 2017. The outstanding balance of \$ 2,640,503 is shown as a liability in the water fund.

The following is a schedule of future debt maturities for the two revolving loans with finalized repayment schedules:

	<u>Principal</u>	<u>Interest</u>
2018	\$ 256,646	\$ 125,884
2019	264,579	118,856
2020	272,768	111,600
2021	281,223	104,107
2022	289,953	96,369
2023 - 2027	1,590,987	356,615
2028 - 2032	1,544,333	126,561
2033 - 2036	<u>285,902</u>	<u>5,936</u>
	<u>\$ 4,786,391</u>	<u>\$ 1,045,928</u>

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Revolving Loans Payable (Continued)

The City entered into another loan agreement with the Kansas Department of Health and Environment (KDHE) during 2010. According to the agreement, KDHE will loan an amount not to exceed \$ 3,657,035 to the City for the purpose of wastewater force main upgrades. The interest rate on the loan is 2.84%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. Once the project is complete and the loan amount is finalized, the repayment schedule will be finalized. As of December 31, 2017, \$ 3,238,301 of the available loan balance has been drawn down and project costs of \$ 3,238,301 have been incurred for this project. Principal and interest payments of \$ 180,404 and \$ 60,528, respectively, were made during 2017. The outstanding balance of \$ 2,163,544 is shown as a liability in the wastewater fund.

During 2012, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 9,594,373 to the City for the purpose of making improvements to the Atchison drinking water treatment plant. The interest rate on the loan is 2.23%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City or the first disbursement under the loan or one year after project completion. Once the project is complete and the loan is finalized, the repayment schedule will be finalized and will be revised to reflect the amount of principal forgiven. The principal forgiven totaled \$ 2,725,030. As of December 31, 2017, \$ 9,083,433 of the available loan balance has been drawn down and project costs of \$ 9,083,373 have been incurred. The outstanding balance of \$ 5,726,900 is shown as a liability in the water fund.

During 2015, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 1,018,958 to the City for the purpose of water system repairs. The interest rate on the loan is 2.17%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City or the first disbursement under the loan or one year after project completion. Once the project is complete and the loan is finalized, the repayment schedule will be finalized. As of December 31, 2017, \$ 1,018,958 of the available loan balance has been drawn down and project costs of \$ 1,018,958 have been incurred for this project. Principal and interest payments of \$ 41,083 and \$ 21,997, respectively, were made during 2017. The outstanding balance of \$ 977,875 is shown as a liability in the water fund.



CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 5,770,000	\$ 1,205,000	\$ (670,000)	\$ 6,305,000	\$ 505,000
Plus issuance premiums	24,010	-	(1,359)	22,651	-
Capital leases:					
Hangar building	179,712	-	(15,701)	164,011	16,179
Compensated absences	574,458	416,852	(517,222)	474,088	232,257
Net pension liability	5,234,285	-	(497,455)	4,736,830	-
Net other postemployment benefit obligation	672,133	121,180	(10,621)	782,692	-
Governmental activities long-term liabilities	<u>\$ 12,454,598</u>	<u>\$ 1,743,032</u>	<u>\$ (1,712,358)</u>	<u>\$ 12,485,272</u>	<u>\$ 753,436</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds	\$ 1,835,000	\$ -	\$ (975,000)	\$ 860,000	\$ 860,000
Plus issuance premiums	31,472	-	(15,736)	15,736	-
Loans payable	17,104,755	-	(3,450,045)	13,654,710	256,646
Capital leases:					
Street sweeper	121,238	-	(39,501)	81,737	40,408
Solid waste trucks	261,983	-	(84,957)	177,026	87,313
Net pension liability	684,797	123,240	-	808,037	-
Compensated absences	83,565	65,615	(53,271)	95,909	48,902
Business-type activities long-term liabilities	<u>\$ 20,122,810</u>	<u>\$ 188,855</u>	<u>\$ (4,618,510)</u>	<u>\$ 15,693,155</u>	<u>\$ 1,293,269</u>
<b>Component unit Library:</b>					
Compensated absences	\$ 9,295	\$ 2,461	\$ -	\$ 11,756	\$ 4,410
Net pension liability	225,294	-	(27,218)	198,076	-
Component unit Library long-term liabilities	<u>\$ 234,589</u>	<u>\$ 2,461</u>	<u>\$ (27,218)</u>	<u>\$ 209,832</u>	<u>\$ 4,410</u>

For the governmental activities, compensated absences, net pension liability, and the net OPEB liability are generally liquidated by the general fund.

CITY OF ATCHISON, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

11 - Interfund Transactions

Interfund transfers for the year ended December 31, 2017 consisted of the following:

Transfers out	Transfers in				
	General fund	Capital projects fund	Nonmajor governmental fund	Wastewater fund	Refuse fund
General fund	\$ -	\$ 3,750	\$ -	\$ 28,657	\$ 92,181
Capital projects	-	-	167,630	-	-
Nonmajor governmental funds	-	111,500	-	-	-
Water fund	358,857	315,000	-	-	-
Wastewater fund	583,857	-	-	-	-
Refuse fund	154,680	-	-	-	-
Total	<u>\$ 1,097,394</u>	<u>\$ 430,250</u>	<u>\$ 167,630</u>	<u>\$ 28,657</u>	<u>\$ 92,181</u>

Transfers are used to move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them. Nonroutine transfers include transfers to the capital projects fund to fund capital projects and to the general fund to fund capital projects and from the water fund, wastewater fund, and nonmajor enterprise fund to the general fund for administrative services provided.

Capital asset transfers of \$ 367,774 occurred from the governmental activities to the business-type activities and are reported within transfers on the statement of activities.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

12 - Required Improvements to Sanitary Sewer Collection System

Based upon an administrative order dated January 20, 2004 from the Kansas Department of Health and Environment (KDHE), the City is required to make improvements and replacements to the City's sanitary sewer collection system. Under the terms of the administrative order, a study was performed by an engineer to determine the extent and cost of the repairs. A second administrative order was issued on September 9, 2009 with updated mandates and new deadlines. The City appealed this administrative order and required a hearing which was postponed pending consent agreement negotiations. The negotiations were successful and the consent agreement was agreed upon in 2011. The consent agreement sets forth timelines for completion of certain updates and repairs to the City's sanitary sewer collection system. The City is also required to provide a plan to raise revenue via residential, industrial, and commercial sewer rate increases, sales tax, stormwater fees or other means over the next five years to the equivalent of \$ 3.1 million annually (after five years) to operate, upgrade and maintain the current wastewater utility treatment facilities and to complete the mandated projects. The City is required to spend \$ 12.4 million over a period of the first zero to five years of the consent agreement. In late 2016, KDHE agreed to amend the consent order and waive the requirement to raise revenues to \$ 3.1 million in 2017. They agreed to allow the City to maintain the current rates in return for a commitment from the City to complete certain CSO improvements such as the Dam 6 Separation Program, within specific dates, and update the City's long-term control plan.

13 - Commitments and Contingencies – Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for cash expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2017, the City's recorded encumbrances in budgeted governmental funds were as follows:

General	\$ 36,321
	<u>\$ 36,321</u>

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

14 - Tax Abatements

The City enters tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within its jurisdiction. For the fiscal year ended December 31, 2017, abated property taxes that impacted the City totaled \$ 33,834, which consist entirely of a property tax abatement for the expansion of a manufacturing facility. This agreement requires the business to employ an agreed upon number permanent employees within eight years of completing the project. Failure to meet the employment target will result in a payment in lieu of taxes to the City, ranging from 25-100% of property taxes that would have been paid if not for the agreement.

The City participates in a county-wide property tax abatement program referred to as the Neighborhood Revitalization Plan (NRP). Property tax rebate incentives are based on the incremental increase of qualified improvements over a period ranging from 10 to 15 years, depending upon the level investment. To continue to receive the rebate of taxes, property owners must pay the property taxes in full and on time. The county treasurer is responsible for issuing the tax rebates to property owners. For the year ended December 31, 2017, a total of \$ 319,323 in City taxes were rebated to property owners. During the same period \$ 47,611 in Library taxes were rebated.

The City enters annexation and incentive agreements with property owners that provide for property tax rebates in exchange for voluntarily allowing the property to be annexed into the City. The rebates begin the year following the receipt of the first tax statement that includes City taxes. Rebates are paid for three years: year one is a 75% rebate of City taxes, year two is 50%, and year three is 25%. Property owners must pay the property taxes in full and on time to remain eligible for the rebates. The City is responsible for issuing the rebates in this program. During 2017, a total of \$ 4,403 in property tax rebates were paid.

CITY OF ATCHISON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

15 - Subsequent Events

On May 7, 2018, the City issued Taxable STAR Bonds Series 2018 at a principal amount of \$ 2,370,000. This series of STAR Bonds was issued to finance the Atchison STAR Bond Project in the STAR Bond District to finance the construction of two separate shelter structures at the Atchison Farmers' Market, located in the historic downtown area of the STAR Bond District (the Farmers' Market Improvements) and a portion of the costs of the Amelia Earhart Museum to be located at the airport area of the STAR Bond District which is proposed to include the last remaining 1935 Lockheed Electra L-10E aircraft and a unique educational visitor experience that honors the accomplishments of Amelia Earhart (the Museum). The City will own the Farmers' Market Improvements and the Museum. The balance of the Project, which is not being financed from the Series 2018 Bonds, includes a new approximately 43,000 square foot, 68-room hotel located in the historic downtown area of the STAR Bond District and operated under a franchise flag approved in writing by the City (the Hotel) and a new approximately 2,100 square foot Taco Bell restaurant located in the historic downtown area of the STAR Bond District (the Restaurant). The Farmers' Market Improvements, the Museum, the Hotel, and the Restaurant collectively constitute the Project.

# **Required Supplementary Information**

**2017**

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem taxes	\$ 2,312,093	\$ 2,306,983	\$ (5,110)
Delinquent taxes	50,000	81,443	31,443
Motor vehicle taxes	247,723	285,093	37,370
Vehicle excise taxes	1,119	1,136	17
Payments in lieu of taxes	23,500	23,189	(311)
Guest taxes	155,000	150,034	(4,966)
City sales taxes	1,619,863	1,738,735	118,872
Franchise taxes	1,342,988	1,363,115	20,127
Commercial vehicle taxes	8,180	-	(8,180)
Recreational vehicle taxes	1,291	1,983	692
16-20 M truck vehicle taxes	2,169	1,809	(360)
	<u>5,763,926</u>	<u>5,953,520</u>	<u>189,594</u>
Intergovernmental revenues:			
Special highway	63,330	63,287	(43)
Special liquor	31,182	27,492	(3,690)
	<u>94,512</u>	<u>90,779</u>	<u>(3,733)</u>
Charges for services	<u>433,313</u>	<u>341,728</u>	<u>(91,585)</u>
Licenses and permits	<u>49,575</u>	<u>64,821</u>	<u>15,246</u>
Interest on investments	<u>9,000</u>	<u>27,338</u>	<u>18,338</u>
Fines and fees	<u>195,000</u>	<u>196,392</u>	<u>1,392</u>
Miscellaneous:			
Sales of cemetery lots	1,000	7,500	6,500
Other	25,000	22,806	(2,194)
Management fee - Watershed	46,000	49,536	3,536
	<u>72,000</u>	<u>79,842</u>	<u>7,842</u>
Total revenues	<u>\$ 6,617,326</u>	<u>\$ 6,754,420</u>	<u>\$ 137,094</u>

(Continued)



CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Expenditures:			
General government:			
City Manager:			
Personnel services	\$ 197,910	\$ 154,638	\$ 43,272
Contractual services	11,950	4,657	7,293
Materials and supplies	2,500	1,756	744
	<u>212,360</u>	<u>161,051</u>	<u>51,309</u>
Human resources:			
Personnel services	71,563	71,949	(386)
Contractual services	22,880	19,683	3,197
Materials and supplies	1,200	3,004	(1,804)
	<u>95,643</u>	<u>94,636</u>	<u>1,007</u>
Finance:			
Personnel services	349,648	339,813	9,835
Contractual services	96,838	68,695	28,143
Materials and supplies	6,000	4,877	1,123
	<u>452,486</u>	<u>413,385</u>	<u>39,101</u>
Municipal court:			
Personnel services	76,882	87,912	(11,030)
Contractual services	27,515	23,761	3,754
Materials and supplies	500	1,388	(888)
	<u>104,897</u>	<u>113,061</u>	<u>(8,164)</u>
Building official and buildings and grounds:			
Personnel services	222,220	215,422	6,798
Contractual services	226,653	122,604	104,049
Materials and supplies	3,400	1,872	1,528
	<u>\$ 452,273</u>	<u>\$ 339,898</u>	<u>\$ 112,375</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
AHCC:			
Personnel services	\$ 178,833	\$ 148,661	\$ 30,172
Contractual services	118,657	85,924	32,733
Materials and supplies	91,825	77,215	14,610
	<u>389,315</u>	<u>311,800</u>	<u>77,515</u>
Other general government:			
Contractual services	561,695	570,842	(9,147)
Materials and supplies	6,500	-	6,500
Contingency	275,000	151,653	123,347
	<u>843,195</u>	<u>722,495</u>	<u>120,700</u>
Total general government	<u>2,550,169</u>	<u>2,156,326</u>	<u>393,843</u>
Public safety:			
Fire department:			
Personnel services	1,340,360	1,210,015	130,345
Contractual services	58,443	45,585	12,858
Materials and supplies	30,200	23,369	6,831
	<u>1,429,003</u>	<u>1,278,969</u>	<u>150,034</u>
Police department:			
Personnel services	1,635,566	1,657,388	(21,822)
Contractual services	25,494	25,117	377
Materials and supplies	64,480	66,810	(2,330)
	<u>1,725,540</u>	<u>1,749,315</u>	<u>(23,775)</u>
Animal control:			
Personnel services	41,301	37,627	3,674
Contractual services	14,260	13,834	426
Materials and supplies	5,750	3,435	2,315
	<u>61,311</u>	<u>54,896</u>	<u>6,415</u>
Total public safety	<u>\$ 3,215,854</u>	<u>\$ 3,083,180</u>	<u>\$ 132,674</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Public works:			
Engineering:			
Personnel services	\$ 161,159	\$ 161,546	\$ (387)
Contractual services	10,350	5,703	4,647
Materials and supplies	1,750	1,596	154
	<u>173,259</u>	<u>168,845</u>	<u>4,414</u>
Amelia Earhart Airport:			
Contractual services	45,717	18,448	27,269
Materials and supplies	38,000	41,210	(3,210)
	<u>83,717</u>	<u>59,658</u>	<u>24,059</u>
Fleet maintenance:			
Contractual services	2,500	5,500	(3,000)
Materials and supplies	110,160	110,240	(80)
	<u>112,660</u>	<u>115,740</u>	<u>(3,080)</u>
Santa Fe Depot:			
Contractual services	29,475	22,878	6,597
Materials and supplies	-	50	(50)
	<u>29,475</u>	<u>22,928</u>	<u>6,547</u>
Public works administration:			
Personnel services	999,437	890,264	109,173
Contractual services	34,986	36,561	(1,575)
Materials and supplies	248,250	220,859	27,391
	<u>1,282,673</u>	<u>1,147,684</u>	<u>134,989</u>
Total public works	<u>\$ 1,681,784</u>	<u>\$ 1,514,855</u>	<u>\$ 166,929</u>

(Continued)

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Parks and recreation:			
Parks:			
Contractual services	\$ 109,150	\$ 119,890	\$ (10,740)
Materials and supplies	78,100	60,423	17,677
	<u>187,250</u>	<u>180,313</u>	<u>6,937</u>
Municipal pool:			
Personnel services	66,299	71,624	(5,325)
Contractual services	9,000	12,109	(3,109)
Materials and supplies	29,500	45,912	(16,412)
	<u>104,799</u>	<u>129,645</u>	<u>(24,846)</u>
Oak Hill Cemetery:			
Contractual services	10,000	7,400	2,600
Materials and supplies	1,000	476	524
	<u>11,000</u>	<u>7,876</u>	<u>3,124</u>
Total parks and recreation	<u>303,049</u>	<u>317,834</u>	<u>(14,785)</u>
Non-departmental:			
Contingency	<u>369,528</u>	<u>-</u>	<u>369,528</u>
Total expenditures	<u>8,120,384</u>	<u>7,072,195</u>	<u>1,048,189</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,503,058)</u>	<u>\$ (317,775)</u>	<u>\$ 1,185,283</u>

(Continued)

## CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL

## GENERAL FUND

Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Other financing sources (uses):			
Sale of capital assets	\$ 25,000	\$ 33,824	\$ 8,824
Principal paid	-	(15,701)	(15,701)
Interest paid	-	(5,316)	(5,316)
Miscellaneous	-	(13,771)	(13,771)
Transfers in	722,714	722,714	-
Transfers out	(238,750)	(138,750)	100,000
Total other financing sources (uses)	508,964	583,000	74,036
Net change in fund balances	(994,094)	265,225	1,259,319
Fund balances, beginning	1,393,096	1,960,726	567,630
Fund balances, ending	\$ 399,002	\$ 2,225,951	\$ 1,826,949

CITY OF ATCHISON, KANSAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

1 - General

All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

2 - Reconciliation

Explanation of differences between budget and GAAP net change in fund balances:

Net change in fund balance - budget	\$	265,225
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Net change in fund balance for non-budgeted funds included with the  
General Fund on GAAP basis financials:

Insurance reserve	95,403
Municipal equipment reserve	(44,158)
Law enforcement	47,744
Façade improvements	569

Encumbrances for equipment and supplies ordered but not yet received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes:

2017 encumbrances	36,321
2016 encumbrances	(16,534)

Net change in fund balance - GAAP	\$	384,570
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# CITY OF ATCHISON, KANSAS

## Schedule of the City's Proportionate Share of the Collective Net Pension Liability Kansas Public Employees Retirement System Last Four Fiscal Years<sup>1</sup>

	2017	2016	2015	2014
City's proportion of the collective net pension liability:				
KPERS	0.144451%	0.115515%	0.178344%	0.151326%
KP&F	0.368159%	0.444896%	0.356217%	0.394653%
City's proportionate share of the collective net pension liability	\$ 5,544,868	\$ 5,919,082	\$ 4,938,289	\$ 4,450,840
City's covered-employee payroll	\$ 4,408,474	\$ 4,344,866	\$ 4,329,067	\$ 4,299,827
City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	126%	136%	114%	104%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	65.10%	64.95%	66.60%

<sup>1</sup> GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF ATCHISON, KANSAS

ATCHISON PUBLIC LIBRARY

Schedule of the Library's Proportionate Share of the Collective Net Pension Liability  
Kansas Public Employees Retirement System  
Last Four Fiscal Years<sup>1</sup>

	2017	2016	2015	2014
Library's proportion of the collective net pension liability:				
KPERs Atchison Public Library	0.013675%	0.014563%	0.014725%	0.017116%
Library's proportionate share of the collective net pension liability	\$ 198,076	\$ 225,294	\$ 193,346	\$ 210,666
Library's covered-employee payroll	\$ 242,343	\$ 249,780	\$ 246,283	\$ 282,085
Library's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	82%	90%	79%	75%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	65.10%	64.95%	66.60%

<sup>1</sup> GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.



# CITY OF ATCHISON, KANSAS

## Schedule of the City's Contributions Kansas Public Employees Retirement System Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Contractually required contribution	\$ 339,153	\$ 349,441	\$ 367,368	\$ 436,460	\$ 447,442	\$ 518,478	\$ 638,863	\$ 626,020	\$ 619,278	\$ 560,943
Contributions in relation to the contractually required contribution	339,189	349,441	367,368	436,460	447,442	518,478	638,863	625,413	619,278	560,943
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 3,769,158	\$ 3,832,648	\$ 3,940,759	\$ 4,110,988	\$ 4,083,213	\$ 4,219,545	\$ 4,327,392	\$ 4,291,557	\$ 4,410,377	\$ 4,290,448
Contributions as a percentage of covered-employee payroll	9.00%	9.12%	9.32%	10.62%	11.69%	12.29%	14.76%	14.59%	14.04%	13.07%

# CITY OF ATCHISON, KANSAS

## ATCHISON PUBLIC LIBRARY

### Schedule of the Library's Contributions Kansas Public Employees Retirement System Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Contractually required contribution	\$ 10,366	\$ 13,451	\$ 15,709	\$ 15,598	\$ 20,579	\$ 23,615	\$ 22,953	\$ 22,594	\$ 23,076	\$ 20,483
Contributions in relation to the contractually required contribution	10,366	13,451	15,709	15,598	20,579	23,615	22,953	22,594	23,076	20,483
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's covered-employee payroll	\$ 210,269	\$ 242,794	\$ 255,030	\$ 231,428	\$ 280,365	\$ 297,421	\$ 259,654	\$ 238,337	\$ 251,371	\$ 242,118
Contributions as a percentage of covered-employee payroll	4.93%	5.54%	6.16%	6.74%	7.34%	7.94%	8.84%	9.48%	9.18%	8.46%

# CITY OF ATCHISON, KANSAS

## Schedule of Changes in the City's Total OPEB Liability and Related Ratios

This Fiscal Year\*

	2017
Total OPEB liability:	
Service cost	\$ 52,339
Interest	27,040
Changes of assumptions	41,801
Benefit payments	(10,621)
Net change in total OPEB liability	110,559
Total OPEB liability, beginning	672,133
Total OPEB liability, ending	\$ 782,692
Covered-employee payroll	\$ 4,039,623
City's total OPEB liability as a percentage of covered-employee payroll	19.38%

### Notes to Schedule:

*Changes of assumptions.* Retirement, Turnover and Disability rates assumptions were updated where applicable to reflect the latest statistics from KPERS. The assumed healthy mortality was updated to reflect the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement. Disabled life mortality was updated in a similar fashion. The per capita costs, retiree contribution premiums and trend assumptions were updated as part of the ongoing actuarial analysis.

The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal - Level %-of-Pay as mandated by GASB 75. The discount rate was changed from 3.0% (GASB 45) to 3.24% (GASB 75) for the end of the year measurement. The beginning of year measurement utilizes a discount rate of 3.76%.

\*GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

# **Other Supplementary Information**

**2017**

## OTHER SUPPLEMENTARY INFORMATION

CITY OF ATCHISON, KANSAS

COMBINING BALANCE SHEET  
GENERAL FUND

December 31, 2017

	General	Insurance Reserve	Municipal Equipment Reserve	Law Enforcement	Façade Improvements	Total General Fund
Assets:						
Cash and cash equivalents	\$ 2,188,939	\$ 97,843	\$ 170,554	\$ 53,067	\$ 55,934	\$ 2,566,337
Receivables (net of allowance for uncollectibles):						
Taxes	2,820,888	-	-	-	-	2,820,888
Accounts	112,562	-	-	-	-	112,562
Loans	-	-	-	-	44,943	44,943
Total assets	<u>\$ 5,122,389</u>	<u>\$ 97,843</u>	<u>\$ 170,554</u>	<u>\$ 53,067</u>	<u>\$ 100,877</u>	<u>\$ 5,544,730</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ 379,679	\$ -	\$ 14,129	\$ -	\$ -	\$ 393,808
Accrued payroll	94,485	-	-	-	-	94,485
Total liabilities	<u>474,164</u>	<u>-</u>	<u>14,129</u>	<u>-</u>	<u>-</u>	<u>488,293</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	<u>2,385,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,385,946</u>
Fund balances:						
Assigned	36,321	97,843	156,425	53,067	100,877	444,533
Unassigned	<u>2,225,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,225,958</u>
Total fund balances	<u>2,262,279</u>	<u>97,843</u>	<u>156,425</u>	<u>53,067</u>	<u>100,877</u>	<u>2,670,491</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,122,389</u>	<u>\$ 97,843</u>	<u>\$ 170,554</u>	<u>\$ 53,067</u>	<u>\$ 100,877</u>	<u>\$ 5,544,730</u>

CITY OF ATCHISON, KANSAS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GENERAL FUND

Year Ended December 31, 2017

	General	Insurance Reserve	Municipal Equipment Reserve	Law Enforcement	Façade Improvements	Eliminations	Total General Fund
Revenues:							
Taxes:							
Property	\$ 2,678,446	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,678,446
Sales	1,738,735	-	-	-	-	-	1,738,735
Franchise	1,363,115	-	-	-	-	-	1,363,115
Transient guest	150,034	-	-	-	-	-	150,034
Payments in lieu of taxes	23,189	-	-	-	-	-	23,189
Intergovernmental	90,779	-	-	-	-	-	90,779
Licenses and permits	64,821	-	-	-	-	-	64,821
Charges for services	341,728	-	-	-	-	-	341,728
Fines and fees	196,392	-	-	-	-	-	196,392
Interest on investments	27,338	2,248	1,689	417	549	-	32,241
Other	79,842	-	-	57,870	13	-	137,725
Total revenues	<u>6,754,419</u>	<u>2,248</u>	<u>1,689</u>	<u>58,287</u>	<u>562</u>	<u>-</u>	<u>6,817,205</u>
Expenditures:							
Current:							
General government	2,153,769	318,670	-	-	(7)	-	2,472,432
Public works	1,514,865	-	-	-	-	-	1,514,865
Public safety	3,079,709	-	-	-	-	-	3,079,709
Parks and recreation	317,835	-	-	-	-	-	317,835
Debt service:							
Principal	15,701	-	-	-	-	-	15,701
Interest and fiscal charges	5,316	-	-	-	-	-	5,316
Capital outlay	-	-	450,022	10,543	-	-	460,565
Total expenditures	<u>7,087,195</u>	<u>318,670</u>	<u>450,022</u>	<u>10,543</u>	<u>(7)</u>	<u>-</u>	<u>7,866,423</u>
Excess/(deficiency) of revenues over (under) expenditures	<u>(332,776)</u>	<u>(316,422)</u>	<u>(448,333)</u>	<u>47,744</u>	<u>569</u>	<u>-</u>	<u>(1,049,218)</u>
Other financing sources (uses):							
Sale of capital assets	33,824	-	25,333	-	-	-	59,157
Insurance recoveries	-	401,825	-	-	-	-	401,825
Transfers in	722,714	10,000	499,680	-	-	(135,000)	1,097,394
Transfers out	<u>(138,750)</u>	<u>-</u>	<u>(120,838)</u>	<u>-</u>	<u>-</u>	<u>135,000</u>	<u>(124,588)</u>
Total other financing sources (uses)	<u>617,788</u>	<u>411,825</u>	<u>404,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,433,788</u>
Net change in fund balances	285,012	95,403	(44,158)	47,744	569	-	384,570
Fund balances, beginning of year	1,977,267	2,440	200,583	5,323	100,308	-	2,285,921
Fund balances, end of year	<u>\$ 2,262,279</u>	<u>\$ 97,843</u>	<u>\$ 156,425</u>	<u>\$ 53,067</u>	<u>\$ 100,877</u>	<u>\$ -</u>	<u>\$ 2,670,491</u>

CITY OF ATCHISON, KANSAS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Alcohol - to account for revenues and expenditures for the prevention of drug and alcohol abuse.

Special Parks and Recreation - to account for revenues and expenditures for the upkeep and upgrade of existing parks and recreation facilities.

Motor Fuel - to account for the City's highway aid payments distributed from the State.

DARE - to account for funds donated that will be used specifically for DARE activities in the Police Department.

Grants - to account for grant proceeds received from various funding sources.

Debt Service Fund

Debt Service Fund - to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.



CITY OF ATCHISON, KANSAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Special Alcohol	Special Parks and Recreation
Assets:		
Cash and cash equivalents	\$ 2,771	\$ 9,661
Taxes receivable	-	-
Intergovernmental receivable	-	-
Total assets	<u>\$ 2,771</u>	<u>\$ 9,661</u>
Liabilities:		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>
Fund balances:		
Restricted:		
Substance abuse prevention and emergency shelter	2,771	-
Capital projects and maintenance	-	-
Public safety	-	-
Parks and recreation facilities	-	9,661
Assigned	<u>-</u>	<u>-</u>
Total fund balances	<u>2,771</u>	<u>9,661</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,771</u>	<u>\$ 9,661</u>
	-	-

Special Revenue					
Motor Fuel	DARE	Grants	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
\$ 16,591	\$ 22,949	\$ 138,668	\$ 190,640	\$ 92,581	\$ 283,221
-	-	-	-	713,102	713,102
-	-	12,795	12,795	-	12,795
<u>\$ 16,591</u>	<u>\$ 22,949</u>	<u>\$ 151,463</u>	<u>\$ 203,435</u>	<u>\$ 805,683</u>	<u>\$ 1,009,118</u>
\$ -	\$ -	\$ 15,924	\$ 15,924	\$ -	\$ 15,924
-	-	-	-	713,102	713,102
-	-	13,000	15,771	-	15,771
16,591	-	23,670	40,261	-	40,261
-	-	5,061	5,061	-	5,061
-	-	93,808	103,469	-	103,469
-	22,949	-	22,949	92,581	115,530
<u>16,591</u>	<u>22,949</u>	<u>135,539</u>	<u>187,511</u>	<u>92,581</u>	<u>280,092</u>
<u>\$ 16,591</u>	<u>\$ 22,949</u>	<u>\$ 151,463</u>	<u>\$ 203,435</u>	<u>\$ 805,683</u>	<u>\$ 1,009,118</u>
-	-	-	-	-	-

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2017

	Special Alcohol	Special Parks and Recreation
Revenues:		
Property taxes	\$ -	\$ -
Intergovernmental	27,492	27,492
Interest on investments	-	120
Other	-	-
Total revenues	27,492	27,612
Expenditures:		
Current:		
General government	31,403	-
Public safety	-	-
Parks and recreation	-	13,013
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Capital outlay	-	-
Total expenditures	31,403	13,013
Excess of revenues over (under) expenditures	(3,911)	14,599
Other financing uses:		
Transfers in	-	-
Transfers out	-	(20,000)
Total other financing uses	-	(20,000)
Net change in fund balances	(3,911)	(5,401)
Fund balances, beginning of year	6,682	15,062
Fund balances, ending	\$ 2,771	\$ 9,661

Special Revenue					
Motor Fuel	DARE	Grants	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 792,218	\$ 792,218
285,157	-	194,122	534,263	-	534,263
373	231	922	1,646	3,598	5,244
-	4,000	50,149	54,149	6,607	60,756
285,530	4,231	245,193	590,058	802,423	1,392,481
200,755	-	58,567	290,725	-	290,725
-	2,888	937	3,825	-	3,825
-	-	-	13,013	-	13,013
-	-	-	-	670,000	670,000
-	-	-	-	171,193	171,193
-	-	294,836	294,836	-	294,836
200,755	2,888	354,340	602,399	841,193	1,443,592
84,775	1,343	(109,147)	(12,341)	(38,770)	(51,111)
-	-	167,630	167,630	-	167,630
(91,500)	-	-	(111,500)	-	(111,500)
(91,500)	-	167,630	56,130	-	56,130
(6,725)	1,343	58,483	43,789	(38,770)	5,019
23,316	21,606	77,056	143,722	131,351	275,073
\$ 16,591	\$ 22,949	\$ 135,539	\$ 187,511	\$ 92,581	\$ 280,092

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL

SPECIAL ALCOHOL FUND

Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Final Budget
Revenues:			
Intergovernmental	\$ 31,182	\$ 27,492	\$ (3,690)
Expenditures:			
Contractual services	33,200	31,403	1,797
Net change in fund balance	(2,018)	(3,911)	(1,893)
Fund balance, beginning	4,680	6,682	2,002
Fund balance, ending	<u>\$ 2,662</u>	<u>\$ 2,771</u>	<u>\$ 109</u>

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL

SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 31,182	\$ 27,492	\$ (3,690)
Interest on investments	-	120	120
Total revenues	31,182	27,612	(3,570)
Expenditures:			
Contractual services	12,500	8,701	3,799
Excess of revenues over expenditures	18,682	18,911	229
Other financing uses:			
Transfers out	(20,000)	(20,000)	-
Net change in fund balance	(1,318)	(1,089)	229
Fund balances, beginning	8,913	10,750	1,837
Fund balances, ending	<u>\$ 7,595</u>	<u>\$ 9,661</u>	<u>\$ 2,066</u>

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL

MOTOR FUEL FUND

Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 279,560	\$ 285,157	\$ 5,597
Interest on investments	150	373	223
Total revenues	279,710	285,530	5,820
Expenditures:			
Contractual services	200,003	200,755	(752)
Excess of revenues over expenditures	79,707	84,775	5,068
Other financing uses:			
Transfers out	(95,000)	(91,500)	3,500
Net change in fund balance	(15,293)	(6,725)	8,568
Fund balance, beginning	20,286	23,316	3,030
Fund balance, ending	<u>\$ 4,993</u>	<u>\$ 16,591</u>	<u>\$ 11,598</u>

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL

DEBT SERVICE FUND

Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem tax	\$ 698,340	\$ 709,469	\$ 11,129
Recreational vehicle tax	388	579	191
16-20M vehicle tax	510	424	(86)
Motor vehicle tax	74,452	81,479	7,027
Commercial vehicle tax	2,458	-	(2,458)
Vehicle excise tax	336	267	(69)
	776,484	792,218	15,734
Interest on investments	460	3,598	3,138
Miscellaneous	3,250	6,607	3,357
Total revenues	780,194	802,423	22,229
Expenditures:			
Principal	670,000	670,000	-
Interest	171,143	171,193	(50)
Operating reserve	10,000	-	10,000
Total expenditures	851,143	841,193	9,950
Net change in fund balance	(70,949)	(38,770)	32,179
Fund balance, beginning	111,087	131,351	20,264
Fund balance, ending	\$ 40,138	\$ 92,581	\$ 52,443



## CITY OF ATCHISON, KANSAS

### AGENCY FUNDS

Amelia Earhart Festival – accounts for activities for the weeklong celebration of the life of Amelia Earhart. Events include live entertainment, food, arts & crafts, fireworks and award celebration.

Santa Fe Depot Enhancement – accounts for capital improvements to the historic Santa Fe depot building.

Veteran's Memorial Park – accounts for funds contributed to maintain the veterans pavilion within the riverfront park.

Jackson Park Revitalization – accounts for funds contributed to make improvements to Jackson Park.

The White Clay Watershed District - accounts for the ad valorem taxes levied by the White Clay Watershed District for maintenance and upkeep of the District.

CITY OF ATCHISON, KANSAS  
COMBINING STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

December 31, 2017

	<u>Amelia Earhart Festival</u>	<u>Santa Fe Depot Enhancement</u>	<u>Veteran's Memorial Park</u>	<u>Jackson Park Revitalization</u>	<u>Fire Insurance Proceeds</u>	<u>White Clay Watershed District</u>	<u>Totals</u>
Assets:							
Cash and cash equivalents	<u>\$ 25,157</u>	<u>\$ 43,492</u>	<u>\$ 1,321</u>	<u>\$ 10,158</u>	<u>\$ 15,039</u>	<u>\$ 140,214</u>	<u>\$ 235,381</u>
Liabilities:							
Due to others	<u>\$ 25,157</u>	<u>\$ 43,492</u>	<u>\$ 1,321</u>	<u>\$ 10,158</u>	<u>\$ 15,039</u>	<u>\$ 140,214</u>	<u>\$ 235,381</u>

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<u>Amelia Earhart Festival</u>				
Assets:				
Cash and cash equivalents	\$ 58,568	\$ 377,867	\$ 411,278	\$ 25,157
Liabilities:				
Due to others	\$ 58,568	\$ 377,867	\$ 411,278	\$ 25,157
<u>Santa Fe Depot Enhancement</u>				
Assets:				
Cash and cash equivalents	\$ 55,000	\$ 10,494	\$ 22,002	\$ 43,492
Liabilities:				
Due to others	\$ 55,000	\$ 10,494	\$ 22,002	\$ 43,492
<u>Veteran's Memorial Park</u>				
Assets:				
Cash and cash equivalents	\$ 1,307	\$ 14	\$ -	\$ 1,321
Liabilities:				
Due to others	\$ 1,307	\$ 14	\$ -	\$ 1,321
<u>Jackson Park Revitalization</u>				
Assets:				
Cash and cash equivalents	\$ 10,047	\$ 111	\$ -	\$ 10,158
Liabilities:				
Due to others	\$ 10,047	\$ 111	\$ -	\$ 10,158
<u>Fire Insurance Proceeds</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 15,039	\$ -	\$ 15,039
Liabilities:				
Due to others	\$ -	\$ 15,039	\$ -	\$ 15,039

(Continued)

CITY OF ATCHISON, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

(Continued)

Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<u>White Clay Watershed District</u>				
Assets:				
Cash and cash equivalents	\$ 202,190	\$ 239,829	\$ 301,805	\$ 140,214
Liabilities:				
Due to others	\$ 202,190	\$ 239,829	\$ 301,805	\$ 140,214
<u>Total</u>				
Assets:				
Cash and cash equivalents	\$ 327,112	\$ 643,354	\$ 735,085	\$ 235,381
Liabilities:				
Due to others	\$ 327,112	\$ 643,354	\$ 735,085	\$ 235,381

CITY OF ATCHISON, KANSAS  
BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT  
PUBLIC LIBRARY  
December 31, 2017

Assets:	
Cash	\$ 245,047
Taxes receivable	<u>501,045</u>
Total assets	<u><u>\$ 746,092</u></u>
Liabilities, deferred inflows of resources, and fund balances:	
Liabilities:	
Accounts payable	\$ 8,526
Accrued payroll	<u>9,526</u>
Total liabilities	<u>18,052</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	<u>501,045</u>
Fund balances:	
Restricted:	
Building improvements	13,045
Reading programs	13,035
Books	5,800
Assigned	<u>195,115</u>
Total fund balances	<u>226,995</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 746,092</u></u>

CITY OF ATCHISON, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
DISCRETELY PRESENTED COMPONENT UNIT

PUBLIC LIBRARY

Year Ended December 31, 2017

Revenues:	
Taxes	\$ 516,985
Charges for services	12,791
Grants and contributions	41,618
Investment earnings	<u>775</u>
Total revenues	572,169
Expenditures:	
Current:	
Education	<u>545,799</u>
Excess of revenues over expenditures	26,370
Fund balance, beginning	<u>200,625</u>
Fund balance, ending	<u><u>\$ 226,995</u></u>

# Statistical Section

2017

## STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	108
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, water/wastewater charges for services, as well as its property tax.	112
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	121
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	124
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	125



## CITY OF ATCHISON, KANSAS

## NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 11,639,769	\$ 12,292,827	\$ 12,347,223	\$ 12,272,996	\$ 13,313,242	\$ 14,739,011	\$ 14,706,052	\$ 16,480,463	\$ 16,836,454	\$ 17,551,340
Restricted	788,231	729,855	1,330,900	1,161,035	555,711	318,284	283,119	114,925	122,116	164,562
Unrestricted	247,430	422,843	327,526	1,585,199	2,161,847	3,038,112	4,016,612	(347,178)	(416,223)	23,074
Total Governmental activities net position	<u>\$ 12,675,430</u>	<u>\$ 13,445,525</u>	<u>\$ 14,005,649</u>	<u>\$ 15,019,230</u>	<u>\$ 16,030,800</u>	<u>\$ 18,095,407</u>	<u>\$ 19,005,783</u>	<u>\$ 16,248,210</u>	<u>\$ 16,542,347</u>	<u>\$ 17,738,976</u>
Business-type activities										
Net investment in capital assets	\$ 7,722,440	\$ 9,115,253	\$ 8,908,653	\$ 10,017,324	\$ 11,908,638	\$ 12,346,736	\$ 13,111,660	\$ 14,497,188	\$ 15,200,765	\$ 19,304,454
Unrestricted	1,892,254	2,264,559	4,262,522	5,044,982	5,991,187	6,209,967	6,619,694	5,012,895	5,701,739	5,430,455
Total business-type activities net position	<u>\$ 9,614,694</u>	<u>\$ 11,379,812</u>	<u>\$ 13,171,175</u>	<u>\$ 15,062,306</u>	<u>\$ 17,899,825</u>	<u>\$ 18,556,703</u>	<u>\$ 19,731,354</u>	<u>\$ 19,510,083</u>	<u>\$ 20,902,504</u>	<u>\$ 24,734,909</u>
Primary Government										
Net investment in capital assets	\$19,362,209	\$21,408,080	\$ 21,255,876	\$ 22,290,320	\$ 25,221,880	\$ 27,085,747	\$ 27,817,712	\$ 30,977,651	\$ 32,037,219	\$ 36,855,794
Restricted	788,231	729,855	1,330,900	1,161,035	555,711	318,284	283,119	114,925	122,116	164,562
Unrestricted	2,139,684	2,687,402	4,590,048	6,630,181	8,153,034	9,248,079	10,636,306	4,665,717	5,285,516	5,453,529
Total primary government net position	<u>\$22,290,124</u>	<u>\$24,825,337</u>	<u>\$ 27,176,824</u>	<u>\$ 30,081,536</u>	<u>\$ 33,930,625</u>	<u>\$ 36,652,110</u>	<u>\$ 38,737,137</u>	<u>\$ 35,758,293</u>	<u>\$ 37,444,851</u>	<u>\$ 42,473,885</u>

Watershed District #26 is presented as a component unit beginning in the years 2006-2010. Beginning in 2011 the Watershed is treated as a fiduciary fund.

## CITY OF ATCHISON, KANSAS

## CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental Activities:										
General Government	\$2,339,490	\$2,477,457	\$2,357,540	\$2,478,684	\$2,288,605	\$2,893,738	\$3,180,703	\$2,839,712	\$2,960,219	\$3,333,475
Public Safety	2,909,320	2,841,896	2,880,226	2,923,106	3,080,529	3,168,196	3,321,191	3,059,215	3,466,334	3,321,488
Public Works	1,335,063	1,388,693	1,469,786	1,718,105	1,815,676	2,110,116	2,100,754	2,109,452	1,931,845	1,972,702
Parks and Recreation	489,521	426,369	492,756	297,417	306,470	315,903	316,136	339,831	352,838	377,475
Economic Development	21,637	75,000	75,000	-	-	-	-	-	-	-
Interest on long-term debt	187,803	137,338	111,877	124,977	119,877	168,682	215,786	200,127	182,710	213,234
Total governmental activities expenses	7,282,834	7,346,753	7,387,185	7,542,289	7,611,157	8,656,635	9,134,570	8,548,337	8,893,946	9,218,374
Business-type activities:										
Water/Wastewater**	4,318,423	2,225,755	2,407,449	2,294,146	2,521,121	2,407,873	2,349,173	2,545,497	2,832,061	3,105,512
Wastewater	-	1,466,583	1,490,589	1,541,013	1,905,811	1,397,305	1,617,152	1,845,541	1,808,674	1,908,248
Refuse	388,867	363,721	372,578	360,427	384,657	390,426	406,798	891,962	927,392	941,619
Total business-type activities	4,707,290	4,056,059	4,270,616	4,195,586	4,811,589	4,195,604	4,373,123	5,283,000	5,568,127	5,955,379
Total primary government expenses	\$11,990,124	\$11,402,812	\$11,657,801	\$11,737,875	\$12,422,746	\$12,852,239	\$13,507,693	\$13,831,337	\$14,462,073	\$15,173,753
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
General Government	\$580,596	\$344,165	\$502,699	\$499,457	\$332,317	\$407,253	\$367,997	\$371,388	\$477,994	\$358,322
Public Safety	39,316	38,030	83,335	79,955	113,084	93,907	78,169	69,626	70,453	119,177
Public Works	33,040	81,015	142,574	296,747	141,045	123,093	128,992	332,939	349,890	357,143
Parks and Recreation	-	19,090	-	-	-	-	-	-	-	-
Economic Development	21	22	-	-	-	-	-	-	-	-
Operating grants and contributions	939,358	476,438	406,070	407,400	447,042	425,455	587,508	421,178	492,067	947,573
Capital grants and contributions	1,289,186	753,526	268,115	515,552	545,799	955,506	456,776	400,617	223,423	722,660
Total governmental activities program revenues	2,881,517	1,712,286	1,402,793	1,799,111	1,579,287	2,005,214	1,619,442	1,595,748	1,613,827	2,504,875
Business-type activities:										
Charges for services:										
Water/Wastewater**	4,043,258	2,733,628	3,621,075	3,703,515	3,888,189	4,089,692	3,979,202	4,069,473	4,244,775	4,206,276
Wastewater	-	1,302,014	1,376,158	1,472,145	1,808,743	1,801,135	1,924,969	2,433,689	2,694,359	2,640,177
Refuse	393,240	433,934	461,034	483,976	504,428	525,292	551,126	147,808	3,897	8,237
Operating grants and contributions	17,017	-	-	-	-	-	-	-	-	-
Capital grants and contributions	273,054	688,610	39,071	22,788	1,219,916	4,065	-	-	8,360	2,725,030
Total business-type activities program revenues	4,726,569	5,158,186	5,697,338	5,682,424	7,421,276	6,420,184	6,455,297	6,650,970	6,951,391	9,579,720
Total primary government program revenues	\$7,608,086	\$6,870,472	\$7,100,131	\$7,481,535	\$9,000,563	\$8,425,398	\$8,074,739	\$8,246,718	\$8,565,218	\$12,084,595
<b>Net (Expense)/Revenue</b>										
Governmental activities	(\$4,401,317)	(\$5,634,467)	(\$5,984,392)	(\$5,743,178)	(\$6,031,870)	(\$6,651,421)	(\$7,515,128)	(\$6,952,589)	(\$7,280,119)	(\$6,713,499)
Business-type activities	19,279	1,102,127	1,426,722	1,486,838	2,609,687	2,224,580	2,082,174	1,367,970	1,383,264	3,624,341
Total primary government net expense	<u>(\$4,382,038)</u>	<u>(\$4,532,340)</u>	<u>(\$4,557,670)</u>	<u>(\$4,256,340)</u>	<u>(\$3,422,183)</u>	<u>(\$4,426,841)</u>	<u>(\$5,432,954)</u>	<u>(\$5,584,619)</u>	<u>(\$5,896,855)</u>	<u>(\$3,089,158)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$2,730,417	\$3,423,769	\$3,406,690	\$3,231,311	\$3,211,414	\$3,244,470	\$3,226,669	\$3,330,996	\$3,331,078	\$3,470,664
Sales taxes	1,589,234	1,524,783	1,520,429	1,587,341	1,651,096	2,532,109	2,420,909	1,629,061	1,646,986	1,738,735
Franchise Taxes	850,200	787,184	842,672	1,304,264	1,323,711	1,324,543	1,509,455	1,420,580	1,336,005	1,363,115
Guest taxes	92,350	91,803	115,218	-	-	-	136,092	133,868	127,418	150,034
Payments in lieu of taxes	27,842	-	51,172	23,639	24,033	23,594	23,307	21,501	25,477	23,189
Unrestricted investment earnings	39,002	11,948	16,246	24,660	27,157	1,272	443	1,242	28,323	69,814
Gain on disposal of asset	-	-	3,169	-	13,522	18,292	32,291	40,664	97,142	79,454
Transfers	664,261	565,075	588,920	585,544	792,507	1,571,748	1,076,338	1,827,209	981,827	923,782
Total governmental activities	5,993,306	6,404,562	6,544,516	6,756,759	7,043,440	8,716,028	8,425,504	8,405,121	7,574,256	7,818,787
Business-type activities:										
Sales Taxes	927,154	945,042	937,296	974,892	996,021	-	165,123	980,458	964,161	1,057,363
Unrestricted investment earnings	44,339	10,159	16,265	14,945	24,318	2,076	592	1,276	26,823	59,758
Miscellaneous	-	-	-	-	-	-	-	-	-	8,325
Gain on disposal of asset	5,295	-	-	-	-	1,970	3,100	43,789	-	6,400
Transfers	(664,261)	(565,075)	(588,920)	(585,544)	(792,507)	(1,571,748)	(1,076,338)	(1,827,209)	(981,827)	(923,782)
Total business-type activities	312,527	390,126	364,641	404,293	227,832	(1,567,702)	(907,523)	(801,686)	9,157	208,064
Total primary government	<u>\$6,305,833</u>	<u>\$6,794,688</u>	<u>\$6,909,157</u>	<u>\$7,161,052</u>	<u>\$7,271,272</u>	<u>\$7,148,326</u>	<u>\$7,517,981</u>	<u>\$7,603,435</u>	<u>\$7,583,413</u>	<u>\$8,026,851</u>
<b>Change in Net Position</b>										
Governmental activities	\$1,591,989	\$770,095	\$560,124	\$1,013,581	\$1,011,570	\$2,064,607	\$910,376	\$1,452,532	\$294,137	\$1,105,288
Business-type activities	331,806	1,492,253	1,791,363	1,891,131	2,837,519	656,878	1,174,651	566,284	1,392,421	3,832,405
Total primary government	<u>\$1,923,795</u>	<u>\$2,262,348</u>	<u>\$2,351,487</u>	<u>\$2,904,712</u>	<u>\$3,849,089</u>	<u>\$2,721,485</u>	<u>\$2,085,027</u>	<u>\$2,018,816</u>	<u>\$1,686,558</u>	<u>\$4,937,693</u>

Watershed District #26 is presented as a component unit beginning in 2006. Beginning in 2011 the Watershed is treated as a fiduciary fund.

\*\*Water and Wastewater funds combined thru 2008, shown separately in 2009

## CITY OF ATCHISON, KANSAS

## FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Assigned										
Purchases on order	\$ -	\$ -	\$ -	\$ 29,177	\$ 68,821	\$ 48,372	\$ 31,643	\$ 5,691	\$ 16,538	\$ 36,321
Subsequent year's budget appropriation of fund balances	-	-	-	519,076	681,667	708,475	422,127	584,003	308,654	408,212
Unassigned	-	-	-	1,571,238	2,073,289	2,042,639	1,669,626	1,686,144	1,960,729	2,225,958
Reserved	16,859	54,484	40,896	-	-	-	-	-	-	-
Unreserved	403,852	525,684	1,016,875	-	-	-	-	-	-	-
Total general fund	<u>\$420,711</u>	<u>\$580,168</u>	<u>\$1,057,771</u>	<u>\$2,119,491</u>	<u>\$2,823,777</u>	<u>\$2,799,486</u>	<u>\$2,123,396</u>	<u>\$2,275,838</u>	<u>\$2,285,921</u>	<u>\$2,670,491</u>
All Other Governmental Funds										
Restricted for:										
General Government	\$ -	\$ -	\$ -	\$ 309,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Substance abuse prevention and emergency shelter	-	-	-	-	16,592	23,424	27,197	9,718	10,002	15,771
Debt service fund	-	-	-	-	216,280	244,296	294,062	99,452	17,725	-
Capital projects and maintenance	-	-	-	863,132	335,267	1,731,467	35,585	50,605	49,254	40,261
Public Safety	-	-	-	1,967	1,920	1,773	1,548	2,870	2,870	5,061
Parks and Recreation facilities	-	-	-	12,553	19,860	19,093	13,348	15,363	59,990	103,469
Assigned	-	-	-	239,267	217,040	1,300,490	3,095,772	2,659,685	2,761,296	2,782,506
Reserved for:										
Encumbrances	3,454	5,214	434,133	-	-	-	-	-	-	-
Revolving loan program	374,519	374,908	-	-	-	-	-	-	-	-
Unreserved reported in:										
Debt service fund	244,629	159,454	229,922	-	-	-	-	-	-	-
Special revenue funds	423,376	232,822	226,510	-	-	-	-	-	-	-
Capital project funds	208,048	415,120	451,280	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$1,254,026</u>	<u>\$1,187,518</u>	<u>\$1,341,845</u>	<u>\$ 1,426,548</u>	<u>\$ 806,959</u>	<u>\$3,320,543</u>	<u>\$3,467,512</u>	<u>\$2,837,693</u>	<u>\$2,901,137</u>	<u>\$2,947,068</u>

Information presented for 2011 uses the new fund balance reporting required by GASB 54. Prior years are not restated.

Watershed District #26 is presented as a component unit beginning in 2006.

Beginning in 2011 the Watershed is reported as an agency fund.

CITY OF ATCHISON, KANSAS  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes:										
Property	\$2,730,417	\$3,423,769	\$3,406,690	\$3,231,311	\$3,211,414	\$3,244,470	\$3,226,669	\$3,330,996	\$3,331,078	\$3,470,664
Sales	1,589,234	1,524,783	1,520,429	1,587,341	1,651,096	2,532,109	2,420,909	1,629,061	1,646,986	1,738,735
Franchise	850,200	787,184	842,672	1,304,264	1,323,711	1,324,543	1,509,455	1,420,580	1,336,005	1,363,115
Guest	92,350	91,803	115,218	-	-	-	136,092	133,868	127,418	150,034
Payments in lieu of taxes	27,842	-	51,172	23,639	24,033	23,594	23,307	21,501	25,477	23,189
Intergovernmental	1,919,213	1,078,482	661,180	884,926	911,355	1,342,114	835,691	720,474	629,495	1,235,242
Licenses and permits	204,802	84,724	89,050	103,960	104,016	92,406	45,131	72,891	171,778	64,821
Charges for services	54,704	104,847	151,480	191,121	167,535	158,084	176,879	388,453	379,515	341,728
Fines and fees	157,196	164,096	243,079	329,666	148,168	244,265	225,256	188,751	221,242	196,392
Special Assessments	30,343	29,410	32,707	30,296	29,162	-	-	-	-	-
Interest on investments	39,002	11,948	16,246	24,660	27,156	1,272	443	1,242	28,323	69,814
Other	368,143	140,914	163,505	121,572	215,551	158,267	157,654	209,839	164,322	278,769
<b>Total Revenues</b>	<b>8,063,446</b>	<b>7,441,960</b>	<b>7,293,428</b>	<b>7,832,756</b>	<b>7,813,197</b>	<b>9,121,124</b>	<b>8,757,486</b>	<b>8,117,656</b>	<b>8,061,639</b>	<b>8,932,503</b>
<b>Expenditures</b>										
General government	1,830,484	1,905,569	1,855,886	1,923,128	1,735,879	2,335,663	2,544,990	2,318,616	2,407,727	2,763,157
Public works	1,101,121	1,090,137	1,191,008	1,450,485	1,556,253	1,630,158	1,824,005	1,750,137	1,594,803	1,557,711
Public safety	2,742,071	2,707,129	2,736,583	2,901,700	2,867,512	2,996,695	3,085,288	3,065,996	3,100,168	3,083,534
Parks and recreation	464,833	399,842	465,038	256,922	258,620	267,308	270,144	293,954	295,953	330,848
Economic development	21,637	75,000	75,000	-	-	-	-	-	-	-
Debt Service										
Principal	625,260	679,987	508,623	544,175	565,352	466,769	483,241	644,773	691,367	685,701
Interest	207,381	146,095	117,500	97,380	141,592	105,838	100,743	227,024	190,088	176,509
Debt Issuance Costs	-	-	-	31,756	-	34,236	60,646	-	-	36,160
Capital outlay	2,725,395	937,966	480,777	2,121,270	1,458,341	5,171,046	10,363,991	6,406,395	2,279,529	2,825,920
<b>Total Expenditures</b>	<b>9,718,182</b>	<b>7,941,725</b>	<b>7,430,415</b>	<b>9,326,816</b>	<b>8,583,549</b>	<b>13,007,713</b>	<b>18,733,048</b>	<b>14,706,895</b>	<b>10,559,635</b>	<b>11,459,540</b>
Excess of revenues over/(under) expenditures	(1,654,736)	(499,765)	(136,987)	(1,494,060)	(770,352)	(3,886,589)	(9,975,562)	(6,589,239)	(2,497,996)	(2,527,037)
<b>Other Financing Sources (Uses)</b>										
Payment to refund temporary notes	-	-	-	-	-	-	(2,550,000)	-	-	-
Proceeds of general obligation bonds	-	-	110,319	1,830,000	-	-	4,645,000	-	-	1,205,000
Sale of capital assets	44,961	27,639	50,753	177,015	58,502	37,728	46,210	50,752	89,469	59,157
Insurance recoveries	218,574	-	-	-	-	-	164,912	10,105	55,146	401,825
Proceeds from capital leases	-	-	-	-	-	-	-	-	179,712	-
Proceeds from temporary notes	-	-	-	-	-	2,550,000	-	-	-	-
Bond premium	-	-	-	-	-	-	27,408	-	-	-
Transfers in	2,030,108	1,121,567	1,112,651	997,418	1,103,919	4,825,154	8,047,911	7,430,291	2,795,864	1,695,274
Transfers out	(704,958)	(556,492)	(504,806)	(363,950)	(307,372)	(1,037,000)	(935,000)	(1,379,286)	(548,668)	(403,718)
<b>Total other financing sources (uses)</b>	<b>1,588,685</b>	<b>592,714</b>	<b>768,917</b>	<b>2,640,483</b>	<b>855,049</b>	<b>6,375,882</b>	<b>9,446,441</b>	<b>6,111,862</b>	<b>2,571,523</b>	<b>2,957,538</b>
<b>Net change in fund balances</b>	<b>(\$66,051)</b>	<b>\$92,949</b>	<b>\$631,930</b>	<b>\$1,146,423</b>	<b>\$84,697</b>	<b>\$2,489,293</b>	<b>(\$529,121)</b>	<b>(\$477,377)</b>	<b>\$73,527</b>	<b>\$430,501</b>
Debt service as a percentage of noncapital expenditures	11.9%	11.8%	9.0%	8.9%	9.8%	5.6%	6.9%	10.5%	9.2%	9.5%

Watershed District #26 is presented as a component unit beginning in 2006. Beginning in 2011 the Watershed is treated as a fiduciary fund.

CITY OF ATCHISON, KANSAS

WATER PRODUCED AND CONSUMED

LAST TEN FISCAL YEARS  
(thousands of gallons)

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled		Average Percent Unbilled	Base Rate
			Metered Provided For Free	Unaccounted For Water		
2008	1,545,869	1,163,432	118,769	263,667	24.74%	17.00
2009	1,491,859	959,947	69,043	462,869	35.65%	18.70
2010	1,599,504	1,094,121	69,043	445,141	32.15%	23.38
2011	1,525,572	1,149,030	90,295	286,246	24.68%	24.08
2012	1,560,120	1,178,786	75,151	306,184	24.44%	24.80
2013	1,494,244	1,095,987	89,359	308,898	26.65%	26.29
2014	1,392,016	1,069,542	78,489	248,952	23.52%	27.34
2015	1,421,828	1,103,430	104,661	213,737	22.39%	29.34
2016	1,264,147	1,064,994	59,463	139,690	15.75%	30.81
2017	1,326,400	1,066,826	51,757	207,817	19.57%	30.81

Source: City of Atchison Water Use reports

Base rate shown is for a 5/8" meter. See the Water Rate Schedule for other meter sizes and usage charges.

CITY OF ATCHISON, KANSAS

ANNUAL TAP SALES

LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Water Meter Taps Sold</b>
2008	12
2009	16
2010	18
2011	8
2012	5
2013	8
2014	8
2015	1
2016	6
2017	1

Source: City of Atchison Water Utility

CITY OF ATCHISON, KANSAS

NUMBER OF WATER CUSTOMERS BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Water Customers			Rural Water Districts	Total
	Residential	Commercial	Industrial		
2008	3,776	401	41	7	4,225
2009	3,716	439	37	7	4,199
2010	3,716	470	4	7	4,197
2011	3,700	433	42	6	4,181
2012	3,672	433	42	6	4,153
2013	3,648	433	42	6	4,129
2014	3,624	431	42	6	4,103
2015	3,639	426	41	6	4,112
2016	3,647	440	31	7	4,125
2017	3,636	448	31	7	4,122

Source: City of Atchison Water Use reports

## CITY OF ATCHISON, KANSAS

## WATER RATES

## LAST TEN FISCAL YEARS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Minimum Monthly Rates- All account types</b>										
5/8 inch meter	\$ 17.00	\$ 18.70	\$ 23.38	\$ 24.08	\$ 24.80	\$ 26.29	\$ 27.34	\$ 29.34	\$ 30.81	\$ 30.81
3/4 inch meter	27.50	30.25	37.81	38.94	40.11	42.15	43.84	45.84	48.13	48.13
1 inch meter	45.50	50.05	62.56	64.43	66.36	70.34	73.15	75.15	78.91	78.91
1.5 inch meter	85.00	93.50	116.88	120.39	124.00	131.44	136.70	143.53	150.71	150.71
2 inch meter	115.00	126.50	158.13	162.87	167.76	177.82	184.93	194.18	203.89	203.89
3 inch meter	225.00	247.50	309.38	318.66	328.22	347.91	361.82	379.91	398.91	398.91
4 inch meter	375.00	412.50	515.63	531.10	547.03	579.85	603.05	633.19	664.85	664.85
6 inch meter	495.00	544.50	680.63	701.05	722.08	765.41	796.02	835.82	877.61	877.61
8 inch meter	575.00	632.50	790.63	814.35	838.78	889.11	924.67	970.90	1,019.44	1,019.44
<b>Additional Monthly Charges- Residential</b>										
0-1,997 gallons consumed (per 1,000 gallons)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,998-4,989	2.957	3.254	4.067	4.189	4.315	4.574	4.757	4.757	4.995	4.995
4,990-9,971	2.868	3.154	3.943	4.061	4.183	4.434	4.612	4.612	4.842	4.842
9,972-49,860	2.727	3.000	3.750	3.863	3.978	4.217	4.386	4.386	4.605	4.605
49,861-99,731	2.546	2.801	3.502	3.607	3.715	3.938	4.096	4.096	4.300	4.300
99,732-199,469	2.346	2.581	3.226	3.323	3.423	3.628	3.773	3.773	3.962	3.962
<b>Additional Monthly Charges Rates- Industrial</b>										
0-49,869 gallons consumed (per 1,000 gallons)	\$ -	\$ 2.768	\$ 3.461	\$ 3.564	\$ 3.671	\$ 3.892	\$ 4.047	\$ 4.250	\$ 4.462	\$ 4.462
49,870-99,731	2.436	2.680	3.350	3.451	3.554	3.768	3.918	4.114	4.320	4.320
99,732-149,600	2.155	2.371	2.964	3.053	3.145	3.333	3.467	3.640	3.822	3.822
149,601-199,469	1.975	2.173	2.716	2.798	2.881	3.054	3.177	3.335	3.502	3.502
199,470-997,331	1.624	1.787	2.233	2.300	2.369	2.512	2.612	2.743	2.880	2.880
997,332-4,986,669	1.323	1.456	1.820	1.875	1.931	2.047	2.128	2.235	2.347	2.347
4,986,670-9,973,331	0.601	0.662	0.827	0.852	0.878	0.930	0.968	1.016	1.067	1.067
9,973,331 and above	0.511	0.563	0.703	0.724	0.746	0.791	0.822	0.864	0.907	0.907

Source: City of Atchison Water Utility

Rates presented are for customers within the city limits. Customers outside the city limits are charged higher rates.

A 25% rate increase was effective with the January 2010 billing period. There were no rate changes for 2017.



CITY OF ATCHISON, KANSAS  
 PRINCIPAL WATER PURCHASERS  
 CURRENT YEAR AND NINE YEARS AGO

Water Purchaser	2017		Percentage of Total Gallons Consumed	2008		Percentage of Total Gallons Consumed
	Gallons Consumed	Rank		Gallons Consumed	Rank	
MGP Ingredients	612,893,098	1	54.79%	543,544,223	1	42.39%
Rural Water District #5	104,198,720	2	9.32%	164,415,300	2	12.82%
Bradken	28,861,647	3	2.58%	32,490,906	3	2.53%
Rural Water District #6	22,098,628	4	1.98%	23,902,131	4	1.86%
Benedictine College	20,750,679	5	1.86%	20,079,312	5	1.57%
Bunge	14,363,889	6	1.28%	11,053,338	7	0.86%
Rural Water District #1	9,514,560	7	0.85%	14,230,700	6	1.11%
Mount St. Scholastica	8,399,614	8	0.75%	9,621,524	8	0.75%
Atchison Public Schools	5,720,278	9	0.51%	-	-	-
Atchison Hospital	4,383,946	10	0.39%	6,495,512	10	0.51%
Golden Star Inc.	-		-	8,459,955	9	0.66%
Total	831,185,059		74.31%	834,292,901		65.07%

Source: City of Atchison Water Department.

CITY OF ATCHISON, KANSAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Estate	Personal Property	Utilities	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed to Total Estimated Actual Value
2008	\$ 54,566,560	\$ 8,436,366	\$ 4,564,451	\$ 6,940,075	\$ 60,627,302	\$ 46	\$ 437,709,006	13.85%
2009	56,926,494	7,018,204	4,371,716	7,202,148	61,114,266	57	446,183,278	13.70%
2010	58,326,077	6,209,979	4,349,715	7,210,601	61,675,170	57	445,328,629	13.85%
2011	60,339,718	5,518,345	4,692,455	7,449,991	63,100,527	53	446,170,360	14.14%
2012	60,578,300	4,738,734	4,932,363	8,853,139	61,396,258	54	446,386,760	13.75%
2013	59,969,135	4,436,095	8,038,200	9,229,156	63,214,274	53	479,288,688	13.19%
2014	62,721,455	4,227,171	5,849,040	11,097,689	61,699,977	54	496,147,523	12.44%
2015	63,090,321	3,814,598	5,927,124	8,717,980	64,114,063	54	484,916,097	13.22%
2016	62,477,029	3,676,815	6,558,267	8,005,290	64,706,821	54	483,243,848	13.39%
2017	62,446,658	3,552,787	6,552,359	6,870,472	65,681,332	54	486,341,158	13.51%

Source: Atchison County Clerk

Note: Does not include penalty amounts

CITY OF ATCHISON, KANSAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(PER \$ 1,000 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates				White Clay #26 Watershed	USD 409	Atchison County	State of Kansas	Total
	Basic Rate	Debt Service	Library	Total Direct Rate					
2008	\$ 32.808	\$ 7.571	\$ 6.099	\$ 46.478	\$ 2.535	\$ 59.137	\$ 42.967	\$ 1.500	\$ 152.617
2009	42.071	8.524	6.770	57.365	2.625	59.645	45.870	1.500	167.005
2010	42.100	8.306	6.775	57.181	2.801	62.804	46.658	1.500	170.944
2011	37.892	8.255	6.733	52.880	2.797	61.212	46.621	1.500	165.010
2012	39.296	8.002	6.771	54.069	2.998	62.603	48.722	1.500	169.892
2013	38.166	8.000	6.769	52.935	2.883	63.453	50.435	1.500	171.206
2014	38.734	8.500	7.000	54.234	2.883	63.180	50.984	1.500	172.781
2015	38.132	8.976	6.981	54.089	2.885	60.373	53.841	1.500	172.688
2016	36.224	10.887	7.000	54.111	2.888	60.373	55.060	1.500	173.932
2017	36.148	10.801	7.000	53.949	2.884	60.557	53.666	1.500	172.556

Source: Atchison County Clerk

CITY OF ATCHISON, KANSAS

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
MGP Ingredients	\$5,193,038	1	7.91%	\$5,408,907	1	8.92%
Westar Energy	4,243,050	2	6.46%			
Bartlett Grain	3,443,274	3	5.24%	734,278	6	1.21%
Bradken	3,225,071	4	4.91%	2,328,038	3	3.84%
Wal Mart	2,205,333	5	3.36%	2,548,303	2	4.20%
Northwest Pipe	1,633,692	6	2.49%	1,501,771	4	2.48%
Blish-Mize Co	1,228,054	7	1.87%	1,281,817	5	2.11%
Union Pacific Railroad	1,173,030	8	1.79%			
Golden Star	1,029,351	9	1.57%			
Kansas Gas Service	949,509	10	1.45%			
Garrett Brothers				496,513	7	0.82%
Atchison Hospital				405,644	8	0.67%
Unit Rail Anchor				351,336	9	0.58%
Laxminarayan LLC				326,244	10	0.54%
Total	<u>\$24,323,402</u>		<u>37%</u>	<u>\$15,382,851</u>		<u>25%</u>

Source: Atchison County Clerk

CITY OF ATCHISON, KANSAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percent of Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
2008	\$ 2,990,086	\$ 2,930,659	98.01%	\$ 29,959	\$ 2,960,618	99.01%	\$ 29,468	0.99%
2009	3,684,215	3,610,823	98.01%	6,405	3,617,228	98.18%	66,987	1.82%
2010	3,715,137	3,620,578	97.45%	9,202	3,620,578	97.45%	94,559	2.55%
2011	3,528,503	3,237,885	91.76%	12,781	3,237,885	91.76%	290,618	8.24%
2012	3,523,660	3,407,816	96.71%	9,214	3,407,816	96.71%	115,844	3.29%
2013	3,550,247	3,507,029	98.78%	10,563	3,507,029	98.78%	43,218	1.22%
2014	3,543,729	3,498,445	98.72%	15,402	3,498,445	98.72%	45,284	1.28%
2015	3,680,770	3,528,405	95.86%	63,313	3,591,718	97.58%	89,052	2.42%
2016	3,747,280	3,606,998	96.26%	42,516	3,649,515	97.39%	97,765	2.61%
2017	3,782,116	3,636,358	96.15%	1,237	3,637,594	96.18%	144,522	3.82%

Source: Atchison County Treasurer  
NA= not available

CITY OF ATCHISON, KANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Other Loans	Capital Leases	General Obligation Bonds	Capital Leases	Revolving Loans			
2008	\$ 3,545,000	\$ -	\$ 223,969	\$ 8,040,000	\$ 59,236	\$ -	\$ 11,868,205	3.95%	\$ 1,178
2009	2,915,000	-	173,982	7,125,000	18,663	283,649	10,516,294	3.56%	1,011
2010	2,545,319	-	145,359	6,629,681	-	4,466,912	13,787,271	4.65%	1,322
2011	3,852,676	-	123,827	6,042,324	206,000	5,974,057	16,198,884	4.63%	1,470
2012	3,309,868	-	101,283	5,435,132	167,228	5,448,587	14,462,098	4.26%	1,322
2013	2,866,703	2,550,000	77,679	4,646,977	127,291	7,338,680	17,607,330	4.83%	1,608
2014	7,053,175	-	52,966	3,676,825	722,136	12,703,928	24,209,030	6.61%	2,248
2015	6,434,276	-	27,091	2,765,724	548,214	16,154,621	25,929,926	7.18%	2,421
2016	5,794,010	-	179,712	1,835,000	383,221	17,104,754	25,296,697	6.63%	2,362
2017	6,327,651	-	164,011	875,736	258,763	13,654,710	21,280,871	NA	2,001

NA= not available

CITY OF ATCHISON, KANSAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General bonded debt outstanding										
General obligation bonds	\$11,585,000	\$10,040,000	\$9,175,000	\$9,895,000	\$8,745,000	\$7,513,680	\$10,819,672	\$9,272,577	\$7,660,482	\$7,203,387
Total	\$11,585,000	\$10,040,000	\$9,175,000	\$9,895,000	\$8,745,000	\$7,513,680	\$10,819,672	\$9,272,577	\$7,660,482	\$7,203,387
Estimated actual property value	437,709,006	446,183,278	445,328,629	446,170,360	446,386,760	479,288,688	496,147,523	484,916,097	483,243,848	486,341,158
Percentage of estimated actual property value	2.65%	2.25%	2.06%	2.22%	1.96%	1.57%	2.18%	1.91%	1.59%	1.48%
Population	10,078	10,402	10,432	11,021	10,943	10,953	10,771	10,712	10,712	10,636
Per capita	\$1,149.53	\$965.20	\$879.51	\$897.83	\$799.14	\$685.99	\$1,004.52	\$865.63	\$715.13	\$677.26
Less: Amounts set aside to repay general debt	(244,629)	(159,454)	(229,922)	(324,889)	(259,902)	(306,372)	(374,451)	(198,143)	(131,351)	(92,581)
Total net debt applicable to debt limit	11,340,371	9,880,546	8,945,078	9,570,111	8,485,098	7,207,308	10,445,221	9,074,434	7,529,131	7,110,806
Legal debt limit	18,188,191	18,334,280	18,502,551	18,930,158	18,418,877	18,964,282	18,509,993	19,234,219	19,412,046	19,704,400
Legal debt margin	\$6,847,820	\$8,453,734	\$9,557,473	\$9,360,047	\$9,933,779	\$11,756,974	\$8,064,772	\$10,159,785	\$11,882,915	\$12,593,594
Legal debt margin as a percentage of debt limit	37.65%	46.11%	51.65%	49.45%	53.93%	62.00%	43.57%	52.82%	61.21%	63.91%

Debt limit is set at 30% of assessed valuation.

## CITY OF ATCHISON, KANSAS

## GOVERNMENTAL ACTIVITIES DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2017

Taxing Body	Debt		City's Share		Per Capita
	Amount	As of	Percent	Amount	
Estimated overlapping debt:					
Atchison County	\$ 4,168,858	12/31/17	65%	\$ 2,714,914	\$ 253
USD No. 409	N/A	12/31/17	89%	-	-
	4,168,858			2,714,914	253
Direct debt:					
City of Atchison	6,491,662	12/31/17	100%	6,491,661	606
Direct and estimated overlapping debt	\$ 10,660,520			\$ 9,206,575	\$ 859

Source: Atchison County Clerk

Information represents the share of the respective debt which are obligations of the citizens of Atchison.  
Percentages are based upon population of the city or school district compared to the total county population.  
N/A = not available.



CITY OF ATCHISON, KANSAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS

Fiscal Year	City Population	County Total Personal Income (000's omitted)	County Per Capita Income	School Enrollment	Unemployment Rate (Atchison County)
2008	10,078	\$ 501,972	\$ 29,844	2,193	4.60%
2009	10,402	481,898	28,405	2,154	9.20%
2010	10,432	480,769	28,498	2,234	9.90%
2011	11,021	534,580	31,843	2,207	9.00%
2012	10,943	525,851	31,262	2,198	7.70%
2013	10,953	557,004	33,256	2,180	8.60%
2014	10,771	560,585	33,993	2,147	6.50%
2015	10,712	552,514	33,694	2,183	6.10%
2016	10,712	583,765	35,639	2,226	6.20%
2017	10,636	NA	NA	2,241	5.20%

Population figures presented are for the city only. The Personal Income and Per Capita Income figures are for the entire county.

NA: Not Available

Sources:

Population: U.S. Census Bureau

Total Personal Income: Bureau of Economic Analysis

Per Capita Income: Bureau of Economic Analysis

School Enrollment: Kansas State Department of Education

Unemployment Rate: Bureau of Labor Statistics

CITY OF ATCHISON, KANSAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<b>Employer</b>	<b>2017</b>			<b>2008</b>		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Benedictine College	433	1	6.05%	206	6	3.06%
Atchison Hospital	312	2	4.36%	245	5	3.64%
Bradken (formerly Atchison Casting)	300	3	4.19%	742	1	11.01%
USD 409	299	4	4.18%	375	2	5.56%
MGP Ingredients	208	5	2.91%	249	4	3.69%
Wal Mart	195	6	2.73%	251	3	3.72%
Atchison County	165	7	2.31%	178	7	2.64%
Fargo Assembly	145	8	2.03%	141	8	2.09%
Blish-Mize	115	9	1.61%	100	10	1.48%
City of Atchison	106	10	1.48%	110	9	1.63%
Total	<u>2,278</u>		<u>31.85%</u>	<u>2,597</u>		<u>38.52%</u>

Source: Community Development Department

CITY OF ATCHISON, KANSAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Manager	3	3	3	3	3	3	3	3	3	3
Finance	4.5	3.5	3.5	4.5	4.5	5	5	5	5	4
Municipal Court	1	1	1	1	1	1	1	1	1	1
Community Development (a)	3.5	3.5	3.5	4.5	4.5	4.5	4.5	3.5	3.5	3.5
Engineering	4	4	4	2	2	2	2	2	2	2
Atchison Event Center (b)	0	0	0	0	0	0	0	2.5	2.5	2
Public Safety										
Police	23	23	22	22	23	23	23	22.5	23.5	23.5
Animal Control	1	1	1	1	1	1	1	1.5	1.5	1
Fire	19.75	18.75	19.75	19.75	19.75	19.75	19.75	19.75	19	19
Public Works Admin	0	0	0	22	22	20.83	19.83	21.5	20.5	21
Public Works										
Street	11	11	9	0	0	0	0	0	0	0
Fleet Maintenance	2	2	2	0	0	0	0	0	0	0
Construction Engineering	1	0	0	0	0	0	0	0	0	0
Parks and Recreation										
Parks	7	7	6	0	0	0	0	0	0	0
Water/Wastewater	21.5	19.5	19.5	18.5	18.5	18.34	19.33	20.17	21.67	20.67
Refuse	6	6	6	6	6	6.83	6.83	4.83	4.83	4.83
Total	<u>108.25</u>	<u>103.25</u>	<u>100.25</u>	<u>104.25</u>	<u>105.25</u>	<u>105.25</u>	<u>105.24</u>	<u>107.25</u>	<u>108</u>	<u>105.5</u>

Source: City of Atchison Human Resources department

(a) Departments were restructured in 2011

(b) The operation of the Atchison Event Center was taken over by the City on 12/31/14.

CITY OF ATCHISON, KANSAS  
OPERATING INDICATORS BY PROGRAM/FUNCTION  
LAST TEN FISCAL YEARS

Program/Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Dispatched calls	14,962	14,501	13,903	13,786	13,458	13,257	12,503	12,153	11,931	13,881
Criminal cases	1,847	1,806	1,680	1,773	1,796	1,505	1,599	1,615	1,620	1,709
Criminal cases cleared	1,192	1,242	1,182	1,161	1,206	1,031	1,066	1,092	1,082	1,227
Arrests	1,121	1,166	1,047	1,117	1,147	974	935	897	902	1,033
Serious crimes	535	519	412	401	530	384	377	378	435	545
<b>Fire</b>										
Emergency Responses	361	290	340	343	339	357	398	346	359	326
First Responder/Medical	586	556	570	603	635	784	864	725	761	865
Life Safety Inspections	657	657	657	657	657	656	667	667	667	667
Property Loss (thousands of \$)	\$ 355	\$ 355	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Refuse collected (tons/year)</b>										
Trash	3,742	3,608	3,293	3,207	3,188	3,079	2,846	2,734	2,980	2,958
Recycling	-	-	-	-	-	-	-	174	190	210
Construction/Demolition	-	-	-	-	-	-	-	-	-	-
Brush	-	106	232	136	128	72	-	-	-	-
Metal	42	-	-	-	-	-	-	-	-	-
<b>Water</b>										
New connections	12	16	18	8	5	8	8	1	6	1
Water main breaks	30	20	33	23	31	32	39	30	27	22
Replaced bad service lines	54	44	31	29	33	21	25	20	32	17
Average daily production (thousands of gallons)	4,003	3,753	4,097	3879	4,054	4,055	3,608	3,044	3,328	3,177
Peak daily production (thousands of gallons)	4,954	5,287	5,482	6037	6,414	5,152	5,196	3,344	6,037	5,704
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	1,698	1,757	1,740	946	1,283	1,281	1,480	1,560	1,198	1,207

Source: various City of Atchison departments

2008 Construction/Demolition and Brush are included in Trash

2009-2012 Construction/Demolition and Metal are included in Trash

2014 Construction/Demolition, Brush and Metal are no longer tracked separately

2015 The City of Atchison began offering curbside recycling to all residents

N/A = not available

## CITY OF ATCHISON, KANSAS

## CAPITAL ASSET STATISTICS BY PROGRAM/FUNCTION

## LAST TEN FISCAL YEARS

Program/Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	10	10	10	10	10	10	10	10	10
Fire Stations	1	1	1	1	1	1	1	1	1	1
Refuse Collection										
Collection trucks	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	77	77	77	77	77	77	77	77	77	77
Highways (miles)	8	8	8	8	8	8	8	8	8	8
Traffic Signals	10	11	11	11	11	11	11	11	6	6
Parks and Recreation										
Acreage	332	332	332	332	332	332	332	332	332	332
Playgrounds	7	7	7	7	7	7	7	7	7	7
Baseball/Softball diamonds	6	6	6	5	5	5	5	5	5	5
Water										
Water mains (miles)	100	100	95	95	95	95	95	95	95	95
Fire hydrants	547	556	556	560	565	566	568	572	576	579
Storage capacity (000's gallons)	1,750	1,750	1,750	1,750	1,750	1,750	3,750	3,750	3,750	3,750
Wastewater										
Sanitary Sewers (miles)	20	20	20	20	20	20	20	20	20	20
Storm Sewer (combined, miles)	80	80	80	80	80	80	80	80	80	80
Treatment capacity (000's gallons)	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Treatment capacity (000's gallons)	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400

Source: City of Atchison

## THE WATER SYSTEM

The following data, along with the financial information found elsewhere in this Comprehensive Annual Financial Report (the CAFR), is being provided in order to comply with certain provisions of Rule 15c2-12 of the Securities and Exchange Commission (the SEC Rule). In conjunction with the issuance of its outstanding water system bonds, the City has agreed to disseminate the CAFR to each Nationally Recognized Municipal Securities Information Repository and State Information Repository, if any, both as defined in the SEC Rule, within 180 days after the end of its Fiscal Year.

### **Description - The Water System**

Number of Treatment Plants:	1
Year Plant Constructed	1949 - updated 2016
Daily Treatment Capacity:	8.0 million gallons
Treated Water Storage Capacity:	1.0 million gallons in clearwell 1.25 million gallons in 5 elevated tanks 2.0 million gallons in ground storage tank
Distribution Lines:	118 miles
Source of Water:	Missouri River
% of Water Sold Outside City:	13%

### **Ten Largest Users**

Company	Product or Service	Gallons Consumed
MGP Ingredients, Inc.	Manufacturing	612,893,098
RWD #5	Water district	104,198,720
Bradken	Manufacturing	28,861,647
RWD #6	Water district	22,098,628
Benedictine College	College	20,750,679
Bunge Milling, Inc.	Grain processing	14,363,889
RWD #1	Water District	9,514,560
Mount St. Scholastica	School	8,399,614
Atchison Public Schools	School district	5,720,278
Atchison Hospital	Hospital	4,383,946

### **Consumption and Usage - 2017**

Total Gallons Consumed:	1,066,826 gallons
Peak Daily Production:	5,704,000 gallons

### **Number of Customers as of December 31, 2017**

Number of Residential Meters:	3,636
Number of Commercial Meters:	479

### **Water Rate Structure**

All Users  
Minimum Monthly Charge (includes first 266 cubic feet of usage):

Meter Size	Outside City Limits Current Rates (effective 1/1/17)	Inside City Limits Current Rates (effective 1/1/17)
5/8" or less	\$ 46.21	\$ 30.81
3/4"	72.20	48.13
1"	118.36	78.91
1.5"	226.07	150.71
2"	305.84	203.89
3"	598.36	398.91
4"	997.28	664.85
6"	1,316.42	877.61
8"	1,529.16	1,019.44

### **Future Borrowing Plans**

The City has borrowed \$3.8 from the State of Kansas SRF program in order to fund replacement of pre 1930 water mains (\$2.2 million) and replacement of the high service pump station (\$1.6 million). These projects were selected by KDHE for completion under the American Recovery and Reinvestment Act (ARRA). All criteria are met for ARRA and the loan principal has been reduced by 32% (loan forgiveness). The City has entered into additional loan agreements with the State Revolving Loan Fund for a total of \$14 million to fund additional water storage, replace a booster pump station and ozone treatment necessary to meet EPA requirements.

### **Future Rate Increases**

By ordinance, a review and analysis of water rates is performed each year to determine if any rate increases are needed for the following year. The last review, conducted in late 2017 indicated that rate increases for residential, commercial and industrial water rates of 1% were needed for 2018.



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Commission  
City of Atchison, Kansas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Atchison, Kansas (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 14, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Berwick Trahan + Co., P.A.*

Topeka, Kansas  
June 14, 2018